

Yesterday's News

by B. A. YOUNG

The item of yesterday's news presented by the Joint Theatre Group is the story of how a contractor allied a batch of mercenaries to fight for the FNLA Angola; how some of them were shot on the orders of a not calling himself "Colonel"; and how one boy Keith came home to his mother he had been reported as dead.

It is a play in a tiny theatre with no wings and no flies. It is a play in a tiny theatre with no wings and no flies. It is a play in a tiny theatre with no wings and no flies.

Les Diablogues

by GARRY O'CONNOR

The last French import at the season is this charming set of duologues, by Roland Dubillard. They began life as radio plays, then were screened on television, and now have ended up as a play in a tiny theatre.

Book Reviews are on Page 32

Only one or two props to nudge, and even less furniture sit upon and move around. The style of the dozen or so sketches begins on the whole, a fairly concrete idea, such as the two men playing ping-pong, and then moves into the more abstract.

RPO by MAX LOPPERT

The direction of the Royal Philharmonic Orchestra contribution to the Festival Hall Silver Jubilee series on Tuesday was shared between Charles Groves and Antal Dorati, with Arthur Blaisdell as conductor.

Unhappy Dives' by H. A. N. BROCKMAN



William Beckford of Fonthill and Bath, 'Unhappy Dives' as he was called, is the subject of a small but concentrated exhibition in the Library at Salisbury.



Keir Dullea and Lee Remick in 'Bus Stop', which opened last night at the Phoenix Theatre

Record review

For curious Eares

by PAUL GRIFFITHS

Gibbons Madrigals and Motets 1512 The Consort of Musicke Anthony Rooley Oiseau-Lyre DSLO 512 (£3.25)

Gibbons Keyboard music Christopher Hogwood Oiseau-Lyre DSLO 515 (£3.25)

Music at Magdalen: Early English Music Magdalen College Choir/Bernard Rose Argo ZRG 846 (£3.25)

Purcell Verse anthems: Lynette Atkinson, Paul Eswood, Ian Partridge, Antony Dawson, Stafford Dean, Choir of St John's College, Cambridge/George Guest Argo ZRG 831 (£3.25)

Purcell Birthday odes for Queen Mary: Norma Burrows, James Bowman, Charles Brett, Robert Lloyd, The Early Music Consort/David Munrow EMI ASD 3166 (£3.25)

Scarlati Sonatas: Richard Lester Sutton Sound SSPL 109 (£3.25)

Bach's Trumpet: Don Smithers, Claron Consort Philips 6500 825 (£3.10)

I take my title from Orlando Gibbons' dedicatory praise of his patron's discrimination in his volume of madrigals, the whole of which is recorded on The Consort of Musicke's disc.

arbitrary when words are missing from some of the parts. The sudden introduction of a "chorus" in the super setting of Raleigh's What is our life? is effective, but a little over-dramatic for so just and earnest a poetic exposition.

Selections from the same composer's keyboard works are offered by Christopher Hogwood on another Oiseau-Lyre Florilgium disc. Gibbons as a keyboardist is a superb finger of that Age, had all the seriousness of the madrigalist, but a greater willingness to throw off the occasional simple piece or earnest music.

Scarlati's Sonatas: Richard Lester Sutton Sound SSPL 109 (£3.25)

Back to a century, the latest "Music at Magdalen" issue presents works written by composers who were attached to the college under the first two Tudors. This is not the greatest music of the period.

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More glamorous, more exciting and more right-sounding recordings of Purcell are contained in the Early Music Consort disc. Of course, the birthday odes for Mary II are livelier pieces than the verse anthems, but the different feeling on this record is also attributable to the use of antique or reproduction instruments and a small chorus, to the forthright, dancing direction of David Munrow and to the excellence of the soloists, particularly Norma Burrows and Robert Lloyd.

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Falla and Esplá

by RONALD CRICHTON

When a festival year after year, offers as much as the EBF and when artists are prepared to devote time to learning unfamiliar music for modest rewards, it seems churlish to prove the rule, something must be said about the ways in which it fell below standard.

Mr. Abercrombie is known as an interesting, lively interpreter of contemporary music. In a contemporary piece, he seemed to be playing with a quantity of rhythm and a quantity of rhythm and a quantity of rhythm.

One must respect a player who has a definite view and can expound it, but it goes against the nature of this music to keep rushing ahead (Mr. Abercrombie's piano breaks in the "Jota" from the Screen Spanish Folk-Scrape Beckmesser's state. But in a film cartoon and to simulate passages written for clarity with sticky pedalling, as he did in the lovely last page of "Andaluza" and the intermezzo of the Fantasia, whose point lies in the bareness of the two-part writing. In Esplá's Sonata the Nestor of Spanish composers, who died earlier this year, the artist was more at home. The artist was more at home. The artist was more at home.

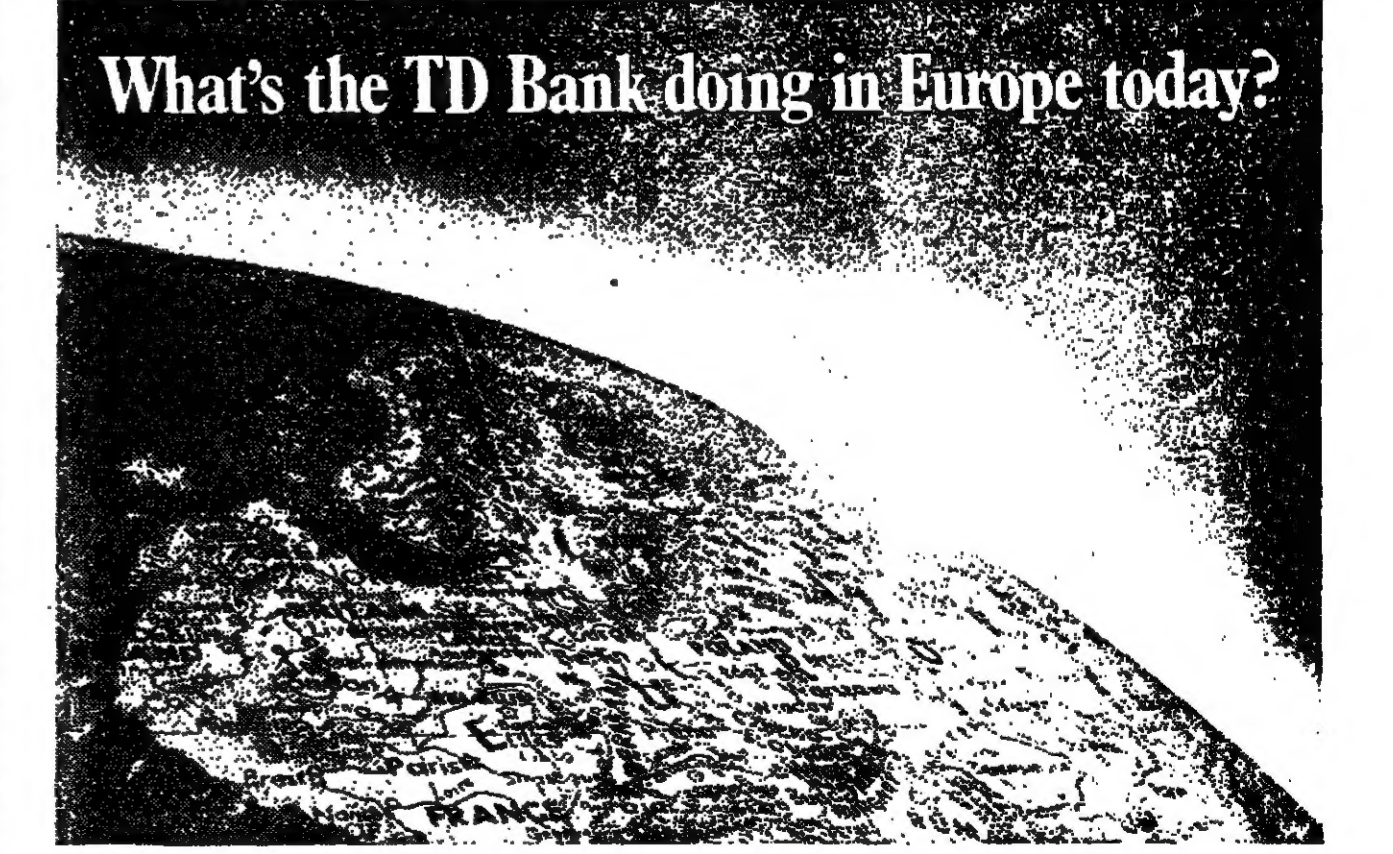
Ruth Schontal

by PAUL GRIFFITHS

About Miss Schontal, I can offer only the information contained in the programme for Tuesday's recital of her compositions, that she was born in Hamburg, that she travelled widely and studied widely before settling in America, and that she was a prizewinner in the Triennial Delta Omicron International Contest for string quartets. Other than that, the evening proved that she is a solid pianist and a composer of, I am sure, genuine feeling and conscientious application, but limited talent.

The performance began unpromisingly with her Sonata for violin and piano, in which the scratchy playing of Bernhard Seckel dissipated the force of her accompaniment. However, something more than a virtuoso account would have been required to show the piece as anything more than a rumble in a dismal tonal style, lacking in good ideas and consistent movement. Miss Schontal's advocacy of her solo Sonata Breve did little to redeem the situation, and the first half ended disastrously with a song cycle, Totempstunde, in her own words. The obvious example of Mrs. Schontal's was nowhere approached; the accompaniments were restricted to a few stock patterns, sometimes gabbling on purpose, less; and Josephine Nendick's voice fell much too often into an inelegant habit.

After the interval things could only improve, and they did. A second song cycle, from "By the Roadside", was a good deal more successful, perhaps partly because it was so short, but also because Miss Williams sang it as if it were meant to give pleasure. The real surprise, however, came in Miss Schontal's performance of her Nachklänge for piano. This work, as she explained, was intended as a nostalgic lament for the reversal and destruction of German cultural values under Hitler. The piano, liberally supplied with foreign bodies on the strings, is made into a skeleton instrument, producing sounds that grate, shiver and reverberate madly. A broken shadow of all that remained of the Bachian sketches and other impressions in this painfully personal piece.



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AMERICAN NEWS

Union may seek board seats at Chrysler U.S.

BY STEWART FLEMING

NEW YORK, May 12.

LEONARD WOODCOCK, president of the United Auto Workers union, said today that the union's forthcoming wage negotiations with the car industry would raise the issue of employee representation on the board of Chrysler.

One observer noted that it is a relatively new concept and that the UAW is probably trying to get workers used to it. He added that it is a useful demand from a negotiating point of view since it is a pretty big club to hit Chrysler on the head with. But it is also an issue which can easily be dropped without angering union members.

A spokesman for the UAW, however, said today that Boardroom representation could prove to be a strikeable issue, particularly because Mr. Woodcock had made it clear that it was the Chrysler management which had raised the subject in the U.K.

The spokesman pointed out that Mr. Woodcock had told delegates that the management of Chrysler had made some very bad decisions last year and had been prevented from making others partly by the union.

New rules aim to boost strip mining

BY DAVID BELL

WASHINGTON, May 12.

THE U.S. Interior Department moved last night to issue a new set of rules designed to stimulate a strip mining of the vast coal reserves in the western States of America.

These reserves are mostly on private land but the federal Government has retained mineral rights which it now proposes to exercise in an effort to increase eastern U.S. coal production to its present level of 32m. tons a year to 305m. tons a year by 1985.

Mr. Thomas Kleppe, the Interior Secretary, promised that a "federal coal" will be mined in an environmentally sound manner, by minimising pollution and that the land would be restored to its "approximate original contours and vegetation."

But coal industry promptly attacked the new rules as too strict and the environmentalists denounced them as much too weak.

The new emphasis on the need to exploit the reserves of coal comes as imports of foreign oil are rising sharply to fuel the American economic recovery. Mr. Kleppe noted that it was very important for the United States to exploit its own indigenous resources so that it was not at the mercy of foreign energy producers.

This is not likely, however, to impress a number of Congressmen who have been working hard for a Federal strip mining Bill which would regulate once and for all the mining of the millions of acres that could eventually be affected. The Bill's supporters have also stressed the need to protect the interests of the people who own the land. They are also profoundly disturbed by the new interest in strip mining.

The coal industry, however, claims that it is well aware of the need to preserve the existing environment but that the new rules are unnecessarily restrictive and likely to provide a major disincentive to development of the reserves.

Another Hughes 'will'

BY JAY PALMER

NEW YORK, May 12.

THE MYSTERIES surrounding Howard Hughes have, if anything, deepened in the five weeks since the billionaire reclusive's death. A few days ago, a Nevada county court received through the mail yet another will allegedly written by the eccentric industrialist distributing his reputed personal fortune of up to \$24bn.

This new will is seemingly a more recent testament than the one that mysteriously appeared a few weeks ago on the 25th floor of the Maynard Church's headquarters in Salt Lake City, Utah like that one, this latest unwritten document is full of jarring contradictions that could, and almost certainly will, form the basis of legal challenges.

Apparently dated June 1969, the Clarke County will names the Summa Corporation, Mr. Hughes' personal holding company, as sole executor of his estate. Unfortunately Summa was not formed as a holding company until December 1972.

The will divides the estate primarily between Mr. Hughes' "blood relatives," the Florida Hughes Medical Institute and various universities around America. It also leaves money to "ten living American individuals" identified only by their social security numbers as well as blind and homeless children.

Summa executives, who are continuing to manage the day-to-day affairs of Hughes' companies, have claimed that this new will is as much a fraud as the first one. Meanwhile, lawyers for various interested parties are continuing their nationwide search for an authentic will that could withstand the legal battles ahead.

Venezuelan GDP rises

BY JOSEPH MANN

CARACAS, May 12.

VENEZUELA'S GROSS Domestic Product (GDP) last year edged up slightly to \$15.4bn, up from \$14.4bn. for 1974, and new during 1975 at an overall rate of 6.6 per cent, according to statistics released by the Government.

The Government figures suggest that the Venezuelan economy, although expanding regularly, has not yet begun to feel the full multiplier effect of a multi-billion dollar factor of investments made since the inauguration of President Carlos Andres Perez took office in 1974. The Perez Government is projected a \$54bn. spending programme for 1976-80, of which \$4.4bn. is to be applied to capital investments.

This South American oil producer's GDP for 1973 and 1974 showed growth rates of 5.9 per cent, and 5.1 per cent, respectively. Gross domestic product, the measure of economic movement used here, differs from Gross National Product in that it includes the effects of both domestic and foreign capital on the national economy.

Petroleum activities, the most important sector of the Venezuelan economy, last year registered a negative factor of 0.2 per cent, thus continuing the Government's attempts to diversify the economy. Non-petroleum sectors of the economy showed a growth rate of 10.5 per cent for 1975, up from 8.5 per cent in 1974 and 5.9 per cent the previous year.

More violence in Jamaica

THREE people died in political violence in Jamaica in the first four months of this year and nine were killed during the past week, according to officials quoted by the press in Kingston. Police said the latest victims were a taxi driver, a former soldier and a school boy. The boy was shot in the yard of his home by his gunmen.

The latest violence began when the Government ordered the demolition of condemned tenement houses in the city centre. Some tenants ignored the order to quit and attacked demolition teams, and six tenements were destroyed by petrol bombs.

Concorde attacked

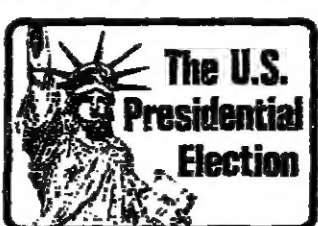
An environmental group has asked the U.S. Civil Aeronautics Board (CAB) to order two airlines — British Airways and Air France — to stop claiming that Concorde can eliminate "jet lag" because of its great speed. A.P.D. says the group is the Environmental Defence Fund con-

Jurek Martin, U.S. Editor, reports from Washington on the limited prospects of

The Stop-Carter campaign

"ALL HOPE abandon, ye who enter here" had until yesterday been the prospect of all those Democrats who had plunged into the inferno of the primary elections in attempts to deny the party presidential nomination to Mr. Jimmy Carter of Georgia. That hope is still fragile to-day but it is at least alive, even if residing in the possession of what a month ago would have seemed an improbable cast of characters.

Senator Frank Church of Idaho, Governor Jerry Brown of California and Congressman Morris Udall of Arizona are not exactly machine-made establishment Democrats. Mr. Church and Mr. Udall are from the Left-wing of the party, in many respects heirs to the McGovernite tradition that did so badly four years ago. Mr. Brown comes from no known or comprehensible stable. Mavericks all to a degree, they would appear to sit as uncomfortable with the establishment as Mr. Carter does, none of them representing the mainstream of the party that would have found its natural candidate if Senator Hubert Humphrey could have been induced into coming out into the open.



But if Mr. Carter is to be stopped in the primaries and deprived of the momentum that would give him the nomination on the first ballot, it is now up to these three men, singly and collectively, to do it.

On Tuesday Senator Church edged out Mr. Carter in the Nebraska primary. He was helped in his task by a tacit agreement with Mr. Udall, whereby the latter agreed to stay out of his home state of Idaho, which Nebraska so long as Mr. Church steered clear of the Connecticut delegate selection process. The Udall, plugging gamely along in strategy nearly produced a double success since Mr. Udall Michigan, whose primary is next to Mr. Carter tolerably close in Tuesday, where the race has

essentially been reduced to the two men.

Governor Brown, for his part, is only in three primaries — Maryland, also next Tuesday, Nevada on May 25 and California on June 8. The one scenario which could see Jimmy Carter thoroughly unhorsed is for Mr. Brown and Mr. Udall to win simultaneous victories next week in their respective primaries, for Nevada and Oregon to fall to Mr. Brown and Mr. Church a week later and for California to go overwhelmingly for its own Governor. In the process, so the hope goes, Mr. Carter will do less well in Ohio and New Jersey, which vote on the same day as California, and have to be content with the smaller pickings available in the smaller South-West and far-West states which also hold primaries over the next month.

Many people believe that Governor Brown will take Maryland a week from now. His campaign there, unfathomable though it is, has attracted a lot of attention. The Maryland political Establishment, has fallen rapidly in behind him, though the philosophical links between the Governor and the state party seem to be non-existent. The professionals of Maryland appear to prefer anybody to Jimmy Carter.

But will it amount to the end of the Carter bandwagon? The conspiratorial theory, of course, seems Hubert Humphrey's hand in all this. There is no way in which Messrs. Udall, Church and Brown can individually get close to the Carter delegate total: even

assuming the worst possible results for Mr. Carter, the sum of their delegates strength will probably not approach his. But if they succeed in holding his delegate total to about 1,000 come convention time, some 300 short of that needed to take the nomination, then the brokered convention in New York may ensue, with delegates pledged to Messrs. Brown, Udall and Church joining with those won by other candidates like Senator Jackson and those who are uncommitted in an appeal to Senator Humphrey.

The irony in this scenario is that the Establishment's will would be achieved through the use of de facto machine politics. Mr. Udall and Mr. Church are members of the congressional club and close to Mr. Humphrey, but the Establishment has lifted few fingers on their behalf so far. Mr. Brown is not only a Californian, 3,000 miles removed from Washington: he also possesses a casual disregard for conventional governmental politics. That, if seriously analysed, would probably appal practitioners of the art. But it is quite soberly being said around Washington that these three could live with Senator Humphrey, who, in turn, has been noticeably more complimentary to them than he has to Governor Carter.

There is another theory. It is that neither Mr. Udall nor Mr. Church can realistically be seen as winners in November's presidential contest, but that Mr. Brown just might be, and that by some mysterious process he may be the man to emerge as all things to all Democrats. It is even being said that he may figure in some key political alliances in the weeks ahead, with the vice-presidential spot on the ticket up for grabs.

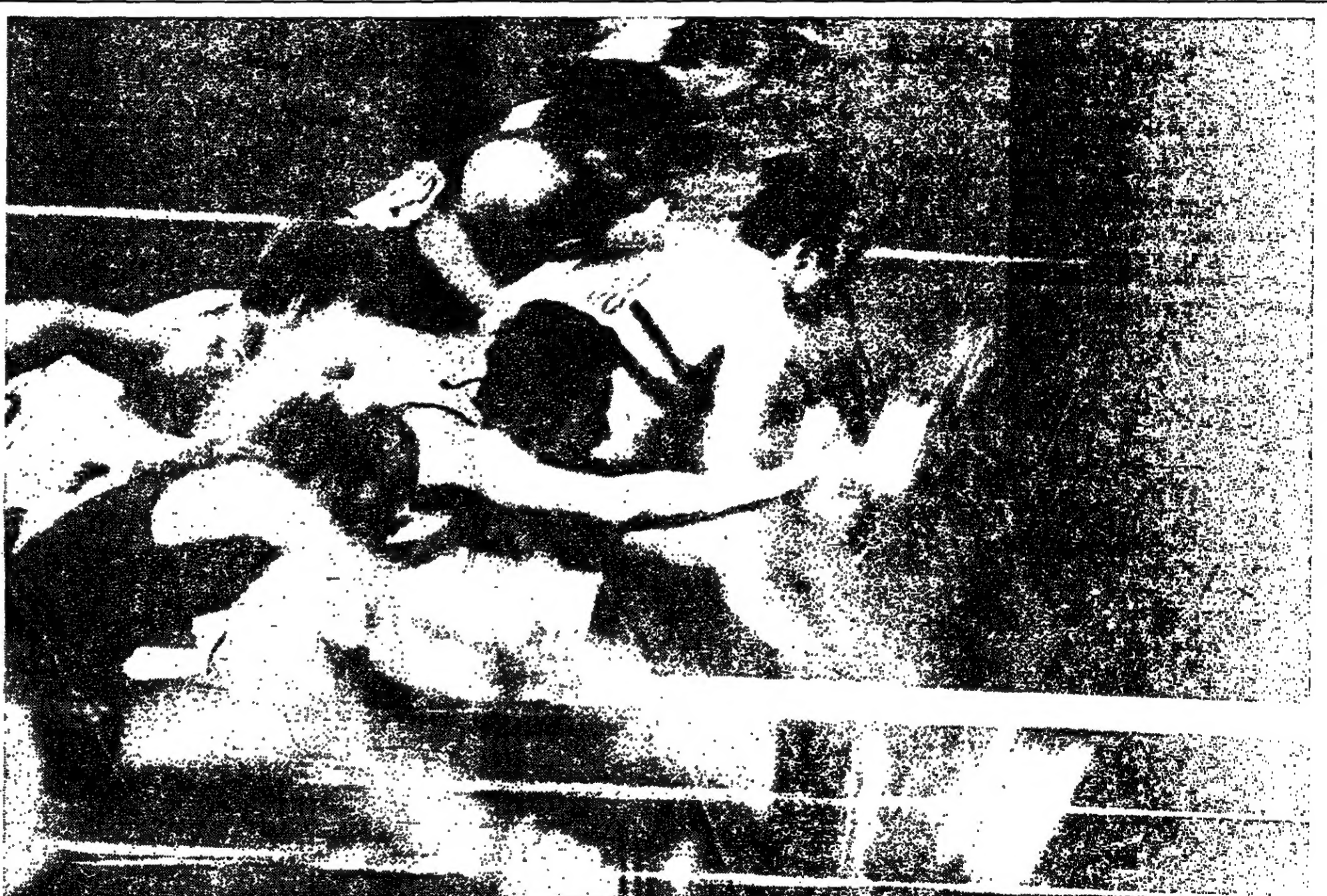
The day in all this is that if Mr. Carter puts his mind to it he may be able to consign them all to oblivion. It is arguable that the Georgian has been suffering from a mild case of over-confidence in the past week and has allowed himself to think more in terms of what he will do with the nomination rather than on the task of winning it. Thus, the Nebraska result may have served, for him, the useful purpose of reminding him not to cross bridges before he comes to them. Certainly the comparative ease with which he has disposed of most of his challengers from left and right so far (Mr. Udall invariably among them) should give him cause for confidence. Governor Brown, however, since he is probably an authentic phenomenon, may be a different matter.

Finally, Mr. Carter can console himself in the knowledge that the Democratic Party electorate seem to like songs with a winner, which he has proved himself to be. The polls are even saying that he would beat both President Ford and Governor Reagan in November, whereas Messrs. Udall and Church have not even risen as high as 10 per cent in the surveys charting the preferences of registered Democrats.

The odds, therefore, remain heavily on a Carter nomination, the month ahead.



Senator Frank Church, one of the trio of mavericks trying to halt the Carter bandwagon.

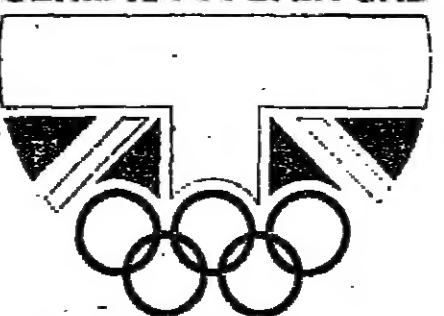


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These figures are based on (1) the Calorific values given in 'The Composition of Foods', published by HMSO for the Medical Research Council; and (2) the Average Retail Food Prices in the United Kingdom for 13 February 1976, published by the Department of Prices and Consumer Protection.

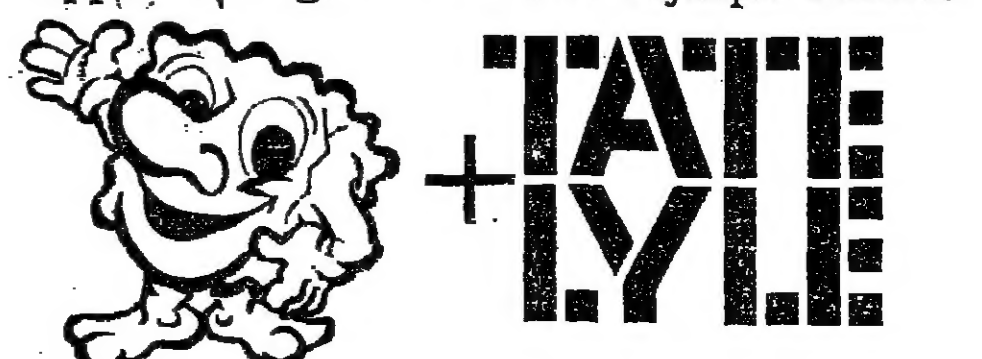
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EUROPEAN NEWS

Finnish Communists make
Government fall certain

BY LANCE KEYWORTH

HELSINKI, May 12

IT IS unlikely that anything can now prevent the resignation of the Finnish Government late this evening or on Thursday. The Communist Party made sure of this at its council meeting 19-day when it definitely rejected the proposed increase in turnover tax.

The five party "Popular Front" coalition cabinet of centre left parties entered office last November after a lengthy period of caretaker government and premature general elections. It was formed more or less at the command of President Urho Kekkonen, and it included as a very reluctant partner the Finnish Communist Party for the first time since the 1960s.

The CP contribution to the urgent work of the "national emergency" government, as it was called, has been to block the tough measures proposed to resolve the most serious economic situation faced by the country since World War Two: this.

Whether the remaining four parties - Social Democrats, Centre (formerly Agrarian), Swedish and Liberal Peoples' Parties - will early on, as is hoped, depend on the Social Democrats. They are, or pretend to be, unwilling to accept responsibility for politically unpopular decisions while the CP is in opposition making a record current account deficit in 1975 of nearly Fmk800m, a net foreign debt of Fmk200m, about one-fifth of the GDP, unemployment edging over 4 per cent, and inflation running at an 18 per cent annual rate.

Cortes members launch bitter
attack on Spanish Cabinet

BY ROGER MATTHEWS

MADRID, May 12

THE BATTLE within the Spanish regime over the Government's partially disclosed political reform plans warmed up sharply to-day with a bitter attack on the Cabinet by 128 members of the present Cortes.

The Cortes which acted as a channel of approval for General Franco's decisions, is scheduled to be replaced by a partly elected two chamber parliament in about a year from now.

In a letter to Prime Minister Carlos Arias the 128, who include a number of former Ministers and retired generals, accused the Cabinet of creating a climate of confusion. They claim that some members have been acting outside the law and have violated the oaths they swore on taking office by permitting illegal political groups to operate freely.

All the Government's reform proposals are being submitted as a matter of urgency to the Cortes and the approval of members is necessary before the new laws are put before a referendum scheduled for the autumn.

"Worst of all is that this climate of confusion is largely

due to the contradictory statements of some members of the Government," says the letter. The Cortes deputies were particularly angered at the "irresponsible" manner in which the king's name was being dragged into the argument by one Cabinet member in particular who had described him as "the motor of change."

Meanwhile, another group of 62 members of the Cortes, headed by former economics overlord and Foreign Minister Sen. Lopez Rodó, this morning tabled the draft of a new electoral law, something which the Government has promised it will produce before the middle of July.

Sen. Lopez Rodó, a key member of the lay Catholic organisation Opus Dei and a fierce opponent of Interior Minister Manuel Fraga, said at a Press conference to-day that his group was doing all it could to "help the Government."

He argued that as the Government was apparently in such a rush it should take advantage of his group's detailed proposals. It was not just up to the Government to propose measures but

also the right of the Cortes members, he said, and went on to claim that it was impossible for the Cortes to consider measures in isolation. "These reform proposals must be studied as one synchronised package."

The former Minister, who is now ambassador in Vienna, declined to give details of the 113 articles in his Electoral Reform Bill but said it was eminently progressive and in line with other Western countries. Although the proposals of Sen. Lopez Rodó and his colleagues are not expected to prosper, they certainly add to the difficulties of an already divided Cabinet and are seen as a manoeuvre to widen divisions and create further obstacles.

Sen. Lopez Rodó is strongly opposed to a two-tier parliament and is understood to believe that the Government's plans can be better defeated or amended by adopting such tactical procedures. However, it is still doubtful whether the Cortes will in the last resort be willing to provoke a constitutional crisis by throwing out, or substantially watering down, the Government's proposals when they are eventually completed.

Soames presses for Spanish talks

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

STRASSBOURG, May 12

THE SPANISH Government expects that if it applies for membership of the EEC it will enter the Community in six to seven years' time, Sir Christopher Soames, the Commissioner responsible for external relations told the European Parliament to-day.

Sir Christopher suggested that it would probably take about two years before Spain could begin formal negotiations on entry with the EEC and about another three years for these to be completed.

In the meantime, the association agreement signed between Spain and the EEC in 1970 would probably need to be updated to take account of changes since

then - notably the enlargement of the Community to nine members. The Commission was holding talks with the Spanish Government on the possibility of negotiating such a revision, he said, though approval by the EEC Council of Ministers would be needed before such negotiations could be opened.

Sir Christopher, who spoke towards the end of a debate on Spain, was assailed by some members of the Socialist group for allegedly trying to act too quickly on the whole question of Spanish membership.

Mr. Tam Delfell, the British Labour MP, accused him of presenting the Parliament with

a "fait accompli" and expressed surprise that Spain was "so far down the road to membership."

But Sir Christopher replied that he was only giving the Spanish view on the time needed to achieve EEC full membership and emphasised that the Commission's soundings on a new interim association agreement were merely exploratory.

There was praise on both sides of the chamber for a report prepared by M. Maurice Faure, a French Member of the Socialist group, which stated that there was a broad consensus in Spain in favour of a more democratic system.

North Sea
schedule
postponed
in Norway

By William Duffell

OSLO, May 12

STATOIL, the Norwegian State Oil Company, announced to-day a one-year delay in development of the Statfjord offshore field, the largest yet discovered in the North Sea. The first production platform will be towed to the field in May, 1977, instead of this coming summer, as originally scheduled. The field will be on stream towards the end of 1978 or early 1979 and was planned in late 1977 or early 1978.

The need to complete a much construction and installation work as possible in sheltered waters is given as the reason for the delay. The first platform is a concrete Candeep structure built by Stavanger by the Norwegian Contractors Group. The deck is being built by the Aker Group at its Stord yard near Bergen. A British company has received orders in some of the modules to be placed on the deck.

Mobile is the operator with reserves of 530m. tonnes of oil and 100m. cubic metres of associated gas and was expected to provide some 300,000 b/d of oil during the development phase, as much as the second phase.

Development of the other major fields in the Norwegian part of the North Sea, Ekofisk and Frigg, has been delayed by about 18 months. The delay on Ekofisk implies that production on the Norwegian side will peak at around 70m. tonnes in 1985 or 1986, a year later than announced earlier.

Reuter reports from Paris that the Elf-Aquitaine Group and its Castrolon 701 well near Tarbes in south-west France tested oil to a total of 11 cubic metres over 22 hours with a density of 0.88.

Further tests will be needed to assess the size of the field, it said.

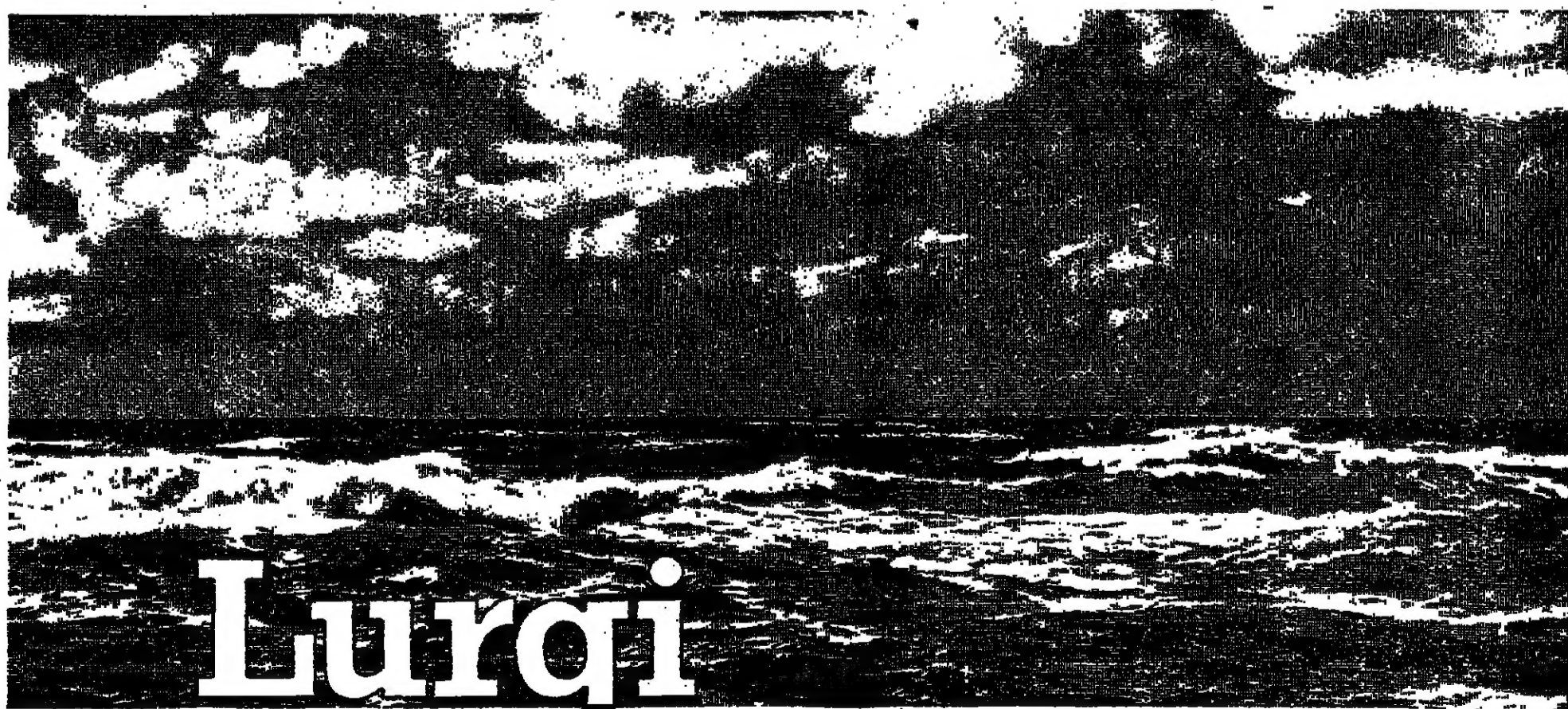
Elf-Aquitaine said the drilling, which is on the Chasse-Blanche concession held 49 per cent by Elf Nationale de Pétrole, d'Aquitaine, was stopped at 3,420 metres. Last month Aquitaine said it found hydrocarbon traces on this drilling, but added it was too early to interpret the commercial significance.

Tanker chief
steps down

By Fay Gjerter

OSLO, May 12

MR. HILMAR Reisten, 78-year-old Norwegian tanker owner whose companies have been in financial difficulties as a result of the world tanker crisis, yesterday announced his resignation as Board chairman of the Reisten companies, though he will continue as a Board member. It will be succeeded by his adopted son, Johan Reisten. Mr. Hilmar Reisten has been Board chairman of the Reisten companies for 47 years.



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مكتبة الأمل

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EUROPEAN NEWS

Portugal Socialists back General Eanes candidacy

BY PAUL ELLMAN

LISBON, May 12.

PORTUGAL'S Socialist Party today finally came out in favour of the as yet undeclared presidential candidacy of General Antonio Ramalho Eanes, the Army Chief of Staff.

Dr. Mario Soares, the socialist leader, told a Press conference here that his party had decided to back General Eanes because he would ensure the "cohesion and unity" of the armed forces.

Denying formally that he had made a political deal with the general, Dr. Soares nevertheless claimed that his "discreet soundings" within the armed forces had shown that his candidacy enjoyed support. Similar support also existed within the military for the Socialists' plan to form a minority government on the basis of the 67 seats they won in the national Assembly in the April 25 legislative elections, Dr. Soares added.

The Socialists are the third of the three biggest Portuguese parties to declare their support for General Ramalho Eanes. The move was delayed, it is widely understood, by negotiations between the Army Chief and Dr. Soares, and by difficulties the party leader encountered from the Left. One of his national executive committee members had been tried to talk them into backing a figure whose personal political beliefs remain an unknown factor in the current Presidential election.

Dr. Soares today dismissed the support offered by the Popular Democrats, who hold 72 Assembly seats, as "unilateral" while he described the backing for General Ramalho Eanes from the Centre Democrats (42 seats) as

"nuanced." Only the Socialists, he claimed, had come down "officially" in favour of the Army Chief.

Nevertheless, he stressed, General Ramalho Eanes would be put before the country as a candidate who was "above party."

The Socialist leader again defended off criticisms of his intention to form a minority government, in which he has said he will give posts to "independents" and military representatives.

The history of the sixth Provisional Government which Portugal has seen since the coup of April, 1974, showed that Coalitions turned into battlefields between the parties which formed them, he said.

He emphasised, however, that his resistance to a Coalition in any form related only to the "present situation" and declined to rule out the possibility of one being formed at any point during the scheduled four-year life of the newly-elected Legislature.

It is understood that General Ramalho Eanes, in agreeing to go along with the plan to form a minority Socialist Government should he be given the task of choosing one, wrestled from Dr. Soares a concession that should the experiment fail, an attempt will be made to make the Cabinet more broadly based.

In any case, because of the "semi-presidential" system Portugal now has, a minority Government working under a Head of State elected by a majority would represent the wishes of the people, Dr. Soares claimed.

Justifying the Socialist support for General Ramalho Eanes, Dr. Soares said that, apart from his backing by the armed forces and the non-party nature of his candidacy, he was the man who best "synthesises and symbolises the spirit of April 25 and November 25" and that he would with the Socialists interpret "progressively" the new Portuguese Constitution.

The Socialist leader, however, refused to be drawn upon how he knew that the majority of the armed forces supported General Ramalho Eanes and that this same majority also backed a Socialist minority Government while claiming that no deal linking the two had been raised in his negotiations with the Army Chief.

He emphasised, however, that his resistance to a Coalition in any form related only to the "present situation" and declined to rule out the possibility of one being formed at any point during the scheduled four-year life of the newly-elected Legislature.

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THE CRISIS IN ITALY'S STATE INDUSTRIES

Christian Democrats hold the levers

BY ANTHONY ROBINSON, IN ROME

ROME, May 12

BARELY SIX weeks away from general elections which are expected to significantly reduce the power of the Christian Democrat party, a crop of top level resignations in the two major state holding companies has revealed the existence of a deep crisis within the State industries and a major effort by the CD party to maintain its hold over the levers of economic power.

The heads of several leaders of State-controlled companies have rolled over the last two years—the most important of which being those of Sig. Mario Einaudi, chairman of the State minerals corporation EGAM and Sig. Raffaele Girotti, chairman of the State oil and energy corporation ENI. In both cases, however, they have been replaced by men from within the Christian Democrat establishment. But in the ENI case, in particular, the replacement of Sig. Girotti by Sig. Pietro Fette of EFIM (another State holding company) failed to end the revolt by top management figures in the operating companies who demanded greater autonomy. But the leaders of this revolt, Sig. Gino Paganini of the chemical subsidiary ANIC and his deputy, were forced to resign at a fiercely contested annual general meeting early this week.

Resignation

A similar struggle for power at IRI has led to the resignation of the director-general Sig. Leopoldo Medugno. IRI is naturally unwilling to comment on the significance of this move, but it is believed to follow a determined effort to remove the chairman, Sig. Giuseppe Petrilli. This attempt failed, however, and Sig. Petrilli was confirmed as chairman last month in a way which has outraged the non-Christian Democrat parties and has been increasingly obliged to undertake massive investment projects of a highly dubious economic viability. The classic examples of such projects are the L200bn. Alfa Sud car

plant near Naples, the L1,500bn. steel plant in the earthquake-prone area of Gioia Tauro in Calabria and the decision to invest L150bn. in a joint venture with Boeing to produce the still-undecided T-XI passenger aircraft.

But apart from being saddled with an increasing number of new lame ducks, IRI's top management also found it impossible to insist on closure of the prestige liner routes of the Finmare Company before losses reached well over £130m. or insist on the efficient running of the RAI-TV network of which it was a major shareholder.

For many years the IRI formula of strategic intervention in economic growth sectors, managerial autonomy, joint ventures with private capital and so on have been regarded as a model for other countries, including Britain's own National Enterprise Board. Indeed to a considerable extent IRI's problems stem from its own success and the speed of its expansion plus the way in which it has been increasingly called upon to undertake tasks of a wider nature. Since 1969 it has frequently underpinned the economy through continuing high investment at a time of low private investment and has contributed massively to the industrial and infrastructure development of the south, in so doing, however, it has contributed to shifting the balance of the mixed economy in favour of the State sector and at the same time has found itself in a very vulnerable position in the aftermath of subsidiary of IRI. He was sponsored by the Doroteo faction of the CD Party. Sig. Craxi's notoriety stems from the Church Commission inquiry into the Lockheed affair in which he was implicated. This led on to the discovery of a whole series of other illegal payments affecting Finmeccanica subsidiaries such as the Selenia radar company which made pay-offs to a ghost company in connection with a

contract from another part of the Italian state air force. Sig. Craxi resigned two months ago and fled the country. But the combination of corruption, top appointments made on the basis of political affiliation, plus the demonstrable incapacity of IRI's top management to defend the operational efficiency of the State from improper political pressures, lies behind the tension and rivalries of which Sig. Medugno's resignation is but the tip of the iceberg.

As director-general, Sig. Medugno, backed by two central directors, wielded power on an operational basis at the top level but ultimate responsibility for IRI was, and remains, in the hands of Sig. Petrilli. He has been reconfirmed as chairman for another three years in spite of criticism that he has spent far too much of his time holding esoteric conferences on the need for a united Europe and too little on keeping track of events at IRI. He is also reproached, particularly by the Republican and Communist parties, for being far too willing to lead in the wishes of those powerful men within the Christian Democrat party who appointed him and not determined enough in insisting on the need for clear political directives, expressed through the proper institutional channels.

But the weakness of the top management of IRI and the other State-controlled groups at this time also stems from the heavy operating losses chalked up over the last few years and the fragile financial structure in which they operate. A steep decline in their self-financing capacity plus the crisis of the bond market, their principal source of funds, has made all the State groups increasingly dependent on capital injections from the State through an increase in their so-called capital endowment funds. Delay in increasing these funds is immediately reflected in a higher borrowing requirement from the banks leading to further losses. Under these circumstances the threat to

delay increases in the endowment fund has proved on several occasions to be a powerful weapon in the hands of the politicians anxious to obtain favours from the system.

In its way, the kind of relationship between politicians and top management of the State-controlled industries reveals the nature of the institutional crisis which underlies the Italian political situation. A system of government based on virtually feudal relationships between powerful political groups and industrial barons has underpinned the efficiency of a large part of the Italian economy. It is a situation which also exists throughout the credit system and the social security network.

But this is a situation which also helps to explain why the Italian Communist Party is so determined to stand what is normally considered as Marxist orthodoxy on its head by declaring that the State sector is "quite large enough to thank you" and has no room to be expanded by further nationalisation. The PCI also finds itself quite largely in the company of the Republicans, Socialists and other parties who are demanding a thorough reorganisation of the State-controlled sector along the lines traced by the Christian Community.

The Commission which essence for greater Parliamentary surveillance over the activities and plans of the State industries, the institution of regular hearings to interrogate the heads of State industries, open debate and open discussion on the appointment of top officials and the formulation of policy guidelines within the context of strengthened overall economic planning instruments.

Republican

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French success at Africa talks

BY ROBERT MAUTHNER

PARIS, May 12.

THE FRANCO-AFRICAN Heads of Government Conference, which ended here last night has proved to be an undoubted success for President Giscard d'Estaing of France.

Although the meeting did not produce any spectacular results, the African leaders who included representatives from Mauritius and the Seychelles and former Portuguese and Belgian colonies as well as the French-speaking African countries, nearly all expressed satisfaction at France's continued close interest in their continent.

Several of the more moderate leaders such as M. Leopold Senghor of Senegal, President and M. Felix Houphouët-

Boligny of the Ivory Coast, made no secret of their fears of super-power interference in African affairs. The best way to prevent such interference, they made clear, was closer co-operation with Europe, and particularly with France and Britain.

No doubt the Soviet-backed Cuban intervention in Angola and fears of similar operations in South-West Africa if the South African Government is not persuaded to change its policy towards Namibia had something to do with the favourable reception given to the French President's utterances and initiatives. Though these were essentially in the economic field, they were in line with the general conviction that only by building up Africa's economic strength could the indi-

vidual African countries' independence and sovereignty be ensured.

The last-minute proposal by President Giscard that the industrialised nations "with historical links with Africa" and possibly the U.S. should set up a special fund for the economic development of the continent, thus won the unanimous approval of the participants.

The fund which would be administered by separate councils of donor and recipient countries, would deal with specific economic development problems such as new rail and road links for land-locked countries, the struggle against drought, modern agricultural techniques and the exploitation of mineral resources.

Meinhof protest fears at Berlin parade

WEST BERLIN, May 12.

STRONG POLICE reinforcements today guarded a Western Allied military parade here following reports that further demonstrations were being planned in protest at the death of anarchist leader Ulrike Meinhof in Stuttgart's Stammheim prison.

A police spokesman said there were no incidents during the four-day parade except for the arrest of two people distributing

paraphlets. Some 700 police were lining the route in the city-centre, and blocked off side streets.

The annual parade, watched by a crowd of 3,000, was first launched in 1964 to demonstrate Western Allied solidarity. American, British and French infantry companies of about 200 men each took part in the ceremony.

In Duesseldorf, the four West Germans on trial for murder

said today that their conditions of imprisonment could lead them to commit suicide, like Ulrike Meinhof.

They are charged with seizing West Germany's Stockholm embassy in April last year and blowing up part of it when the Bonn Government refused their demands for the release of Frau Meinhof and other anarchists. Two diplomats and two of the raiders were killed.

Reuter

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OVERSEAS NEWS

THE FORTHCOMING RIYADH SUMMIT

Assad and Sadat 'will meet'

BY LOUIS FARES

PRESIDENT Hafez Assad of Syria is to meet President Anwar Sadat of Egypt at a four-power conference in Riyadh in the first half of June, according to authoritative sources in the Syrian capital. Next week's meeting in Riyadh of the Prime Ministers of the two countries, which was announced yesterday, is designed to pave the way for the Heads of States conference.

The two Heads of State have been bitterly at loggerheads since last September when Egypt signed the Sinai disengagement agreement with Israel, and generally of bad terms since the October 1973 war. Saudi Arabia and Kuwait, which will take part in the conference, appear to have achieved a diplomatic breakthrough in securing the consent of the two Presidents to attend the meeting.

The meeting is aimed at a reconciliation between the two countries which would involve some climbing down on both sides. In particular Syria, which has roundly attacked Egypt for betraying the Arab world by concluding a separate disengagement agreement, will have to change its stance. In the past it has said that it would only talk to Egypt if the Sinai agreement was abrogated.

According to Syrian officials there are indications that President Sadat has been seeking reconciliation for the past few months. James Buxton adds: Syria's decision to meet Egypt in Riyadh has apparently been taken as a result of two things. The first is the fact that Syria's overall Middle East strategy, which culminated in the U.S. veto of a

Israeli Prime Minister Yitzhak Rabin said yesterday there was a possibility that Syria might agree to negotiations on an end to the state of war with Israel. Mr. Rabin told a meeting that Syria's present stance could lead Damascus into a more moderate position and that consequently Egypt may soften

its stand. "It is possible that these two nations will agree to enter into negotiations on an end to the state of war," he said. "I would see in this perhaps the single positive development to come in 1976." He said that the help of a third country would be needed in such negotiations but did not elaborate.

Reconciliation with Egypt could help strengthen the Syrian position in Lebanon and if it leads to a new alignment in the Middle East confrontation zone,

could pave the way to progress on securing Israeli withdrawal from the Golan Heights, a long-term Syrian aim. It raises the possibility of a reconvening of the Geneva peace conference and a possible U.S. diplomatic initiative in the region.

But given the intricacies of the situation and the existence of powerful internal forces in Syria which might regard a recon-

ciliation with Egypt as a damaging climbdown, it would be wrong at this stage to expect too much from the meeting of the two Presidents. Reconciliation may prove more difficult than it now seems and it may take a long time for a joint strategy to emerge.

David Bell writes: The U.S. State Department today insisted that it had played no part in arranging the meeting

between the Prime Ministers of Syria and Egypt which is to take place under the auspices of Saudi Arabia and Kuwait in Riyadh next week. Nevertheless it is an open secret that co-operation between the State Department and Saudi Arabia continues to be extremely close.

A number of intriguing pointers to this co-operation have been emerging in the past few days. To begin with there are still persistent but unconfirmed reports that it was the Saudis who stepped in to provide money for the anti-MPLA forces in Angola when Congress refused to vote them any more money. All the indications are that the administration was more than happy to see the Saudis effectively acting as American surrogates even if the money actually made little difference in the end.

More interesting still has been the revelation in the past few days that the Saudis offered to finance special aid to Somalia in an effort to eliminate the Soviet presence there. According to Mr. James Akins, the former American Ambassador to Riyadh, who testified recently on Capitol Hill, this offer was only turned down because the Defence Department continued to press the case for major expansion of Diego Garcia to counter Russian power in the Indian Ocean.

Beirut, May 12.

Demirel urges Islamic unity

By Metin Munir

ISTANBUL, May 12.

THE ISLAMIC Conference of Foreign Ministers, which Turkey considers to be an ice-breaker in its relations with Arab and nonaligned blocs, opened here today with a speech by Prime Minister Suleyman Demirel urging increased Islamic solidarity and co-operation.

Turkey has already announced its decision to become a fully-fledged member of the Conference after seven years of de facto membership. To further endear itself to the Arabs, Turkey today supplemented this move by giving the Palestinian Liberation Organisation (PLO) permission to send a delegation to the conference.

Both moves were considered by political observers designed to move Turkey closer to the Arab states from where Ankara wants increased political and economic support.

Neither peace nor justice can be attained by ignoring the oppression and distress of the Palestinian Arab people and the Turkish Cypriot Muslim community has been subjected for years," Demirel said.

Dialogue open

ISLAMABAD, May 12.

INDIA AND PAKISTAN today reopened a direct dialogue after a 19-month break and reaffirmed their commitment to normalise relations.

A joint statement after the first round of talks at the Foreign Ministry here gave no hint how they were progressing.

A joint statement after the first round of talks at the Foreign Ministry here gave no hint how they were progressing.

According to newspaper reports today, as many as 30 people were killed and some 200 wounded in the clashes in the northern port of Tripoli yesterday between members of the pro-Syrian guerrilla group, the Salqa and the Palestine Liberation Army on the one hand and armed men from the rival pro-Baghdad Baath Party on the other.

Informal sources noted that more of such clashes should be expected if anti-Syrian elements continue with their campaign to obstruct the Damascus-sponsored settlement of the Lebanese crisis.

According to informed sources, a meeting yesterday between Mr. Sarkis and President Frangieh did not bring the expected resignation of the President any closer.

PALESTINIAN commandos today claimed responsibility for an explosion in a Tel Aviv cinema yesterday, the Palestine news agency Wafa reported.

The agency reported the commandos as saying they planted bombs in the cinema which killed and wounded several Israelis.

Israeli police said a small explosive device went off in a crowded cinema in the centre of the city last night and three people received treatment in hospital for slight injuries. Two were later discharged.

REUTER

Tel Aviv bomb

BEIRUT, May 12.

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REUTER

New Japan five-year plan forecasts 6% growth

BY CHARLES SMITH

TOKYO, May 12.

A FIVE-YEAR economic programme projecting a growth rate of 6 per cent. per year and incorporating a variety of targets in the field of welfare, pollution control and increased food self-sufficiency was announced today by the Economic Council, an advisory body to the Prime Minister.

The programme repeats the growth target set out earlier this year in a document entitled "Profile of the Japanese Economy in 1980."

Additional features of tonight's plan are the targets of reducing the cost of living increase to a 8 per cent. annual average over the five-year period (4.9 per cent. for wholesale prices); a house building target (5.6m. new houses by 1980) and the provision for a 75 per cent. progress towards 75 per cent. self-sufficiency in food by 1985.

The general stress of the plan is on welfare rather than growth in contrast with the long series of development plans published by Japan at intervals up to the 1973 oil crisis in which a rapid growth rate received primary emphasis. The new plan, though the first to be published by the Government of Mr. Takeo Miki is actually the eighth programme of its kind to be published since the rule of the Liberal Democratic Party was formed in 1956.

The previous seven plans were all abandoned at various stages of implementation when they were rendered impracticable by changes in Japan's economic circumstances.

The chances of Mr. Miki's plan being carried out to the letter must be rated as slim not only because of the failure of its predecessors but also because of the problems which are likely to be encountered in financing some of the welfare programmes included in it. The plan provides for an increase in Government income from tax and other sources from the present level of 22.7 per cent. of national

income to 23.7 per cent. average during the next years.

It also proposes that insurance payments should be stepped up from 4.1 per cent. of the national income last year to 7.1 per cent.

These changes may or may not be approved by the Diet but even if they are done, they are being expressed as whether the resultant tax level will be sufficient to pay for increased welfare expenditure, a serious revenue shortfall was expected for the first time since Japan's public accounts last year.

The new five-year plan can be seen as one of a number of attempts to get to grips with the problem of improving the quality of life in Japan at a time when the country's economic horizon is shrinking somewhat.

REUTERS

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It also proposes that insurance payments should be stepped up from 4.1 per cent. of the national income last year to 7.1 per cent.

These changes may or may not be approved by the Diet but even if they are done, they are being expressed as whether the resultant tax level will be sufficient to pay for increased welfare expenditure, a serious revenue shortfall was expected for the first time since Japan's public accounts last year.

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Tug-of-war over Lebanon accord

BY ISHAN HIJAZI

BEIRUT, May 12.

THE INTER-RELATED questions of security and Syrian military presence here have emerged as the main problem obstructing a settlement to the 14-month-old Lebanese crisis and slowing down the instalment of President-elect Elias Sarkis in office.

Christian Right-wingers led by President Suleiman Frangieh on the one hand, and a Moslem Left-wing alliance on the other, are currently engaged in a tug-of-war over the issue and have thrown the entire situation back into a vicious circle and complete uncertainty. It has all resulted in a chain reaction of violence in various parts of Lebanon.

Right-wing and Left-wing forces fought with mortar and rockets in the capital and the suburbs last night and this morning, with the Left-wing admitting they took the initiative in the fighting in retaliation to a continuing attack on Left-wing posi-

tions by the Right-wingers in the mountains. Efforts to arrange a truce in the mountain areas have failed so far because the Right-wingers are insisting on entry of Syrian forces to take the positions now occupied by the Left-wing forces there.

France is sending peace envoy Mr. Georges Gorse on a third mission to Lebanon at the end of this week, it was announced after a Cabinet meeting today, Reuter reports from Paris.

The left alliance under Mr. Kamal Jumblatt has not only warned against inviting Syrian troops but has called for withdrawal of those already here. Their number was put by the Socialist leader at 3,000-8,000. The withdrawal was set forth as one of the terms by the left to accept Mr. Sarkis as a new

President. They insisted that the problem of security should be solved internally, which was taken by observers as a rejection of right-wing demands for a treaty with Syria that would enable the latter to send troops to police Lebanon while the country went through a period of recuperation.

Outside the Left-wing alliance, Mr. Jumblatt has joined hands with Mr. Raymond Ede, a prominent Christian Maronite leader who was originally nominated by the Left, and the Moslem bloc of former Premier Saeb Salam.

Mr. Jumblatt and Mr. Ede announced they will struggle to get the Syrians out and "preserve Lebanon's sovereignty." The Left-wing leader warned Mr. Sarkis that unless he too moved in that direction "he will be faced with a fresh conflict that will obstruct his plans for social justice."

Mr. Ede again described the

Syrian presence here as a "mandate," adding that "the burden of Syrian presence" was weighing heavily on Lebanese everywhere.

According to newspaper reports today, as many as 30 people were killed and some 200 wounded in the clashes in the northern port of Tripoli yesterday between members of the pro-Syrian guerrilla group, the Salqa and the Palestine Liberation Army on the one hand and armed men from the rival pro-Baghdad Baath Party on the other.

Informal sources noted that more of such clashes should be expected if anti-Syrian elements continue with their campaign to obstruct the Damascus-sponsored settlement of the Lebanese crisis.

According to informed sources, a meeting yesterday between Mr. Sarkis and President Frangieh did not bring the expected resignation of the President any closer.

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HOME NEWS

Fresh find and a setback in North Sea oil search

BY RAY DAFTER, ENERGY CORRESPONDENT

A SETBACK in the North Sea oil search and a find were announced yesterday. The setback came in the form of the Norwegian Stafford Field—the biggest discovery in the North Sea—when it was reported that production would be delayed by a year.

The oil find was announced by British Petroleum in its Magnus Field, about 110 miles north-east of the Shetlands. The find has strengthened industry feeling that the structure is a commercial prospect and will be developed.

The Staffoil/Mohil operating group said yesterday that delays to the platform for the Staffoil field and changes in the pre-production programme would mean that the field would not start yielding oil until late 1978 or early 1979.

More wary

Most of the output will flow to Norway, but a substantial proportion is to be shipped to the U.K. by the Continental Oil group, operator for the British part of the field.

Latest estimates suggest that the field may have more than 3.9bn. barrels of recoverable

reserves. Industry estimates indicate that between 400m. and 450m. barrels of these reserves may lie in the U.K. sector.

The Government has a direct stake in the find for like Conoco, the British National Oil Corporation has a 33.3 per cent. stake in the block 21/24 portion of the field. Gulf holds the other one-third interest.

Staffoil/Mohil said that the delay would allow more construction and installation work to be carried out in sheltered waters, reducing the cost and time spent on offshore work.

The change in tactic is in line with the feeling of other offshore operators who have become increasingly wary of the risks and costs involved of installing and linking up production units in hostile conditions of the North Sea.

The Staffoil "A" platform is being built in Stavanger and Stord, Norway, as part of a £1.2bn. development programme.

The second phase of the development plan, including two more production platforms, is being reviewed by the Norwegian Parliament.

British Petroleum is carrying out more tests before making a decision. Its drilling rig, Seidon

703, has been moved from the block 21/12 to an adjoining concession 21/7 to test the northern end of the Magnus structure.

It would not give details of the latest tests on block 21/12 other than the well had been "a successful outcrop."

Exciting

According to recent reports in the industry the field could have a maximum recoverable reserve potential of 600m. to 900m. barrels making it one of the bigger discoveries in the U.K. sector. Up to the latest well an estimated 540m. barrels of recoverable reserves had been proved.

Magnus lies to the north of all the U.K. fields in a depth of 600 feet. If BP decides to go ahead—and internally the field is regarded as the company's most exciting prospect—new production technology probably will be required. Sub-sea units linked to a tethered leg platform is one system which might be used.

BP also said yesterday that it had abandoned its exploration well on block 18/11. The rig BP Quest is being moved to drill this well in block 15/13, held

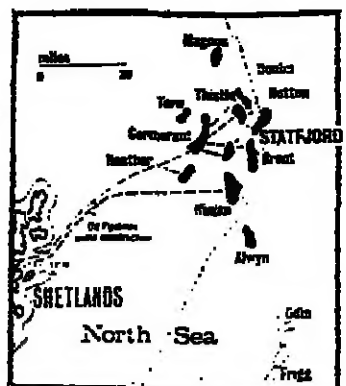
jointly by BP and the National Iranian Oil Company.

In Glasgow, Lord Balogh, deputy chairman of the British National Oil Corporation, said that BP was expected to recoup its equity investment of £500m. in the Forties Field within two years.

Lord Balogh, a former Energy Minister, said that among ministers discussed at the corporation's Board meeting was its five-year plan.

"We shall have a large revenue so far as we can make out the return will be a multiple of the average return on capital investment and, if you compare investment in the North Sea with the multiple of investment put into steel or cars, it will be at least 30 per cent. of overall investment," he added.

It was difficult to forecast revenue in the case of the Forties Field, but so far as he could tell, the return from the statement by BP it was going to be at maximum production next year.



Home deposits law reversed

By Quentin Guindham, Property Correspondent

HOME buyers robbed of their deposits by defaulting estate agents can no longer claim their money back from the sellers, the Lords ruled yesterday.

The decision is a reversal of the law governing house sales. Previously, the courts had held vendors liable to compensate intending purchasers on the grounds that an estate agent was deemed to receive the deposit money as the vendor's "agent" in the legal sense of the word.

Lord Edmund-Davies said that the Law Lords had deep misgivings about the law because innocent purchasers would, through no fault of theirs, find themselves liable if an estate agent defaulted with their deposit.

Indemnity

"Any steps which can be taken by the appropriate professional body to prevent the recurrence of such cases should be promptly taken for they are not uncommon, they arouse great concern and they tend to give the whole profession a bad name, despite the high integrity of the vast majority of its members," he said.

Member firms of the Royal Institution of Chartered Surveyors and of the Incorporated Society of Valuers and Auctioneers have since 1969, had a joint indemnity scheme which means that no member of the public, buying or selling, should suffer any loss.

The National Association of Estate Agents also has a compensation fund which, it said, yesterday, would cover deposits of around 10 per cent. of purchase price.

Other agents' associations do not yet offer any form of protection. There are also many agency businesses which belong to no association.

Yesterday's ruling allowed an appeal by Mr. David John Finch of Hagdon Lane, Watford, Hertfordshire, who had been held liable to repay a £330 deposit, paid on his former home in Cardiff Road, Watford, by prospective purchasers Mr. and Mrs. Malcolm Sorrell, also of Watford.

The estate agent concerned was Samuel Stuart Levy, an undischarged bankrupt who had set up business as Embury Estates in Watford. He accepted the Sorrells' deposit together with deposits from five other intending purchasers.

He pleaded guilty to 13 counts of theft and one of running a company while an undischarged bankrupt and asked for 41 offences to be considered. He was jailed for five years.

'Blackmail'

A County Court judge, whose decision was upheld in the Court of Appeal, ruled that Mr. Finch was liable to compensate the Sorrells.

But the Law Lords ruled yesterday that the theft of a deposit must, unless there has been a clear agreement to the contrary, be borne by the depositor.

After the decision, Mr. Forth and Company, solicitors acting for the successful Mr. Finch, issued a statement advising buyers of property who are asked for a preliminary deposit not to pay them except to the sellers' solicitors, in which case the money would be protected by the Law Society's Indemnity Fund.

Millions of pounds each year are paid as preliminary deposits to estate agents, in which buyers are now completely at risk.

It is high time that the taking of such deposits of preliminary deposits from buyers be abolished.

"Such a deposit offers no protection to a seller of property, as it is returnable to the buyer, the demand at any time before contract."

"Nor does it protect the buyer, as it does not guarantee that the property will be taken off the market."

Another point the solicitor described the deposit system as "a form of blackmail."

Solicitors granted group licences under Credit Act

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THREE PROFESSIONAL bodies representing solicitors yesterday were granted group licences under the Consumer Credit Act.

The first of only a very few group licences likely to be issued under the Act, the licences, which come into effect on August 3 and run for three years, were given to the Law Society, the Incorporated Law Society of Northern Ireland, and the Law Society of Scotland.

This means that individual members of these societies will not have to apply for separate licences, under the Consumer Credit Act.

The group licences will entitle members of the societies to carry on the business of consumer credit, credit brokerage, debt adjusting, debt counselling and debt collecting in the same way as an individual licence.

Any member who failed to conduct his credit business in a proper manner would not only risk losing his right to the group licence but could also be disciplined by his professional body.

Under the 1974 Consumer Credit Act anyone involved in the credit business will have to apply for a licence.

The licences are being granted in three phases, with businesses dealing in credit reference, debt counselling, debt collecting and debt adjusting called in first.

So far 3,000 applications have been received from this group, which has until the end of this month to apply.

The clause dealing with group licences was written into the Act partly as a result of pressure from the legal profession. Though a number of other professions have considered applying for group licences, it seems unlikely that they will meet the necessary criteria.

To qualify for a group licence an organisation has to convince the Office of Fair Trading, which has the job of issuing licences, that all members of the group operate standards which would entitle them to individual licences, and that the governing body is in a position to ensure that these standards will be maintained.

Of the professions to explore the possibility of getting group licences so far, only the legal profession, which issues new certificates entitling members to practise each year, have yet been able to convince the Office of Fair Trading that its control over its membership is such to ensure that standards will not lapse.

The only other group expected to qualify for a group licence is the National Citizens Advice Bureau which offers free advice on credit to clients.

Players reduce King Size by 3p

By Kevin Dene, Industrial Staff

JOHN PLAYER yesterday joined the battle for the king-size share of the cigarette market, temporarily cutting the price of John Player King Size by 3p a pack for 20. The cut will operate from the week-end until June 1.

This week Gallaher and Carreras Ruthmans pegged its prices of Benson Hedges King Size and Ruthmans King Size at 47p, despite the 3p tobacco duty increase imposed in the Budget.

The Imperial Group, who John Player and W. D. & H. Wills subsidiaries are strung at the lower end of the market, has launched a variety of brands to loosen the grip of Gallaher and Carreras on the king-size market.

The John Player King Size brand was introduced a month ago at 42.5p for 20. John Player says it will hold the price down in 40s until June 8, despite Budget price increases. It is again which took the price up to 48p.

Sales of king-size cigarettes amount to only 9.5 per cent. of all cigarette sales, compared with 11.3 per cent. three years ago. However, John Player says it expects changes in R&D arrangements will reverse the decline and might even push the brand's market share to perhaps 16 per cent.

Factory-building plan speeds up

BY ROY HODSON

PLANS for nine advance factories and an industrial estate in the north of England, disclosed yesterday, are the latest evidence of how the Government's biggest factory-building programme is being speeded up.

Under industrial expansion measures announced by the Chancellor at the end of last year, England is to have about 140 new government factories and Scotland and Wales are to have about 100 between them.

The industrial site announced yesterday is at Speke on Merseyside, next door to a Dunlop factory. The Government has bought 24 acres of land formerly owned by Dunlop for an undisclosed price.

Four advance factories are to be built there immediately to be ready for occupation by the beginning of 1977. The largest will be of 25,000 sq. ft. and the others will be in the 10,000 sq. ft. to 15,000 sq. ft. range.

The Merseyside County Council industrial development team welcomed the news last night. It has recently had a number of inquiries from companies interested in setting up manufacturing facilities in the south end of Liverpool.

Rural areas of North Yorkshire, where depopulation is a growing problem, are to have the other five advance factories announced. They will be small units—of 3,000 square feet each

—and will be built at Walker, near Catterick, Malton, North Yorkshire, Humby, and Bentham.

They are part of a programme put forward by the Development Commission for creating new rural job opportunities. The sites were chosen in consultation with the North Yorkshire County Council. The intention is that the Yorkshire factories should be built and in production by next year.

Staff row troubles Datastream

By Keith Lewis

MR. DAVID Hunter Johnston, chairman of Datastream, a computerised information service, was yesterday trying to resolve a dispute that has arisen between employees and management.

Mr. Hunter Johnston would not comment on the nature of the disagreement, known to have involved the departure of Mr. J. G. Blease, who was chief executive of Datastream and generally recognised as principal architect of the system.

Neither would he be drawn on whether other employees might also leave.

"There has been a little local difficulty, and a delicate situation exists at the moment," he said.

In March, Datastream officials ceased to be a subsidiary of Hoare and Co. Corbett and its intention remains to sell the company to a separate computer company. A prospectus is being prepared but has now been delayed.

Interested parties have contacted the management of Datastream, but serious discussions cannot take place until the prospectus—which is expected to contain nine months' figures and an indication of profitability for the current year—has been completed.

At present, the same 70-80 shareholders in Hoare and Co. Corbett also control Datastream.

Joint clothing committee

THE BRITISH Clothing Industry Council for Europe and the National Union of Tailors and Garment Workers has set up a joint standing committee to develop a common approach to matters of mutual concern, particularly in the European context.

The new committee will consider progress on the renewal of the Multi-Fibre Arrangement and the growth of imports.

Employees over-estimate profits, says survey

BY LORNE BARLING

MOST WORKERS adopt a responsible attitude to their companies, but lack confidence in their management, and believe they could work harder if necessary, according to a survey carried out by the Confederation of British Industry.

Fewer than 10 per cent. of employees are opposed to profit, but most of those questioned believe that the average company makes between 22 and 24 per cent. before tax out of every £100 worth of goods it sells. More than a quarter of managers also believe this.

Profits are at present about 10 per cent. on a turnover basis. But 98 per cent. of employees are in favour of ploughing profits back into companies and 88 per cent. think that it is fair to pay dividends to shareholders. 88 per cent. also say it is important to them to live in a free enterprise society.

The survey, published yesterday, was carried out among samples of 1,038 people identified as shop floor workers and 231 managers from the manufacturing, mining and construction sectors.

The survey establishes that the typical employee is reasonably satisfied with his job and probably believes that his interests are being well looked after by his immediate boss. Most important to his job satisfaction is an interesting and secure job, followed by accomplishment and pay.

He is almost certain to believe that the quality of management can be improved. He is also likely to understand quite a bit about the role of profits in relation to investment and pay, but to over-estimate the size of company profits.

A total of 86 per cent. of employees believe that a good way to increase productivity is to give workers a share of the profits, but 61 per cent. have no idea how much profit their company makes.

Questions about communications showed that employees want their management to give them more information, and in particular their own immediate work unit. The degree of goodwill towards immediate bosses and shop stewards indicates that they are both good channels of information.

The final question shows that 42 per cent. of both management and workers believe they could do more work without much effort.

In small companies this figure drops to 32 per cent., while in larger companies it rises to 51 per cent.

How much profit does an average company make before tax out of every £100 of goods it sells?

	Employees	Managers
£0-£10	11	26
£11-£20	13	27
£21-£30	33	28
Over 40	18	4
Don't know	25	12
Average response	£31	£20

Comments: Although more knowledgeable about profits than the general public (recent research shows the average response is £40), both employees and managers considerably over-estimate the level of company profits, which on a turnover basis are about 10 per cent.

What do you think your company (a) does with its profits and (b) should do with them?

	(a)	(b)
Plough them back into the company	71	69
Pay taxes to Government	40	18
Distribute to shareholders	38	22
Distribute to directors	23	10
Distribute to workers	19	58

Comments: Seven in ten workers think that their company's profits are ploughed back and seven in ten think that they should be. There is a good understanding for those types of business which rail does well and economically.

Importance is given to inter-company services. By further product development and making wide use of reduced fares, it is hoped to "continue to exploit growth potential."

British Rail intends to continue investment in high-speed trains, in rolling stock depots and in track and signalling, to the limit of available finance.

"On the urban and rural services, which seek to meet social needs, coverage and standards commensurate with the limited finance available will be provided; because of the current financial situation there may well be some decline in quality."

On freight, the Board says that it is confident that it will

achieve plans to increase the tonnage carried by 15 to 20 per cent. over the next two to three years.

The policy of bigger trains moving as unit loads over longer distances, would be continued and this year would see the phased introduction of new locomotives.

The limited investment would be concentrated upon locomotive replacement, new wagons for power-station coal movement, high payload steel-carrying wagons and upon renewing the ageing fleet.

The report repeats the Board's view that the Government imposed target of breaking even on freight by 1978 cannot be met "without prejudice to long-term prospects."

However, studies were underway to re-examine freight strategy and better utilise available resources.

"The Board are fighting to improve their competitive position and success is heavily dependent on achieving productivity improvements and making better use of resources, lest the rail

ways find themselves priced out of the transport market."

The Board's shipping operations lost £2.2m. compared with £1.8m. the previous year. The bulk of the deficit was confined to four services, two of which were closed last year.

The report maintains: "Where BR ships are operating in the same traffic and areas as the private sector, the profitability in relation to private shipping is comparable."

British Rail Hovercraft lost £243,500 compared with more than twice that figure the previous year. Cross-Channel results should "improve greatly" when the SRX-4 craft are lengthened to provide additional capacity, the report states.

The 29 hotels of British Transport Hotels increased operating profit to £757,000, compared with £682,000 in 1974.

On property, the report notes that, though the market was generally at a low level, British Rail Property Board increased net income in the revenue account to £18.2m. compared with £15m. in 1974.

Scottish Nationalists plan to woo the workers

BY CHRIS BAUR, IN EDINBURGH

THE SCOTTISH National Party will concentrate on industrial and employment policy initiatives at its annual conference later this month in an effort to step up its campaign for workers' votes in the Labour-dominated areas of Central Scotland.

In addition to the series of branch resolutions condemning the high unemployment and slow growth policies of Westminster government, the party's leadership has submitted two detailed policies on industry and on power and industrial relations which are offered as solutions to Scotland's economic problems in a self-government context.

They represent the latest output of the party's 24 policy committees formed largely in response to opponents' criticisms that the SNP was merely a "one issue home-rule" movement.

The policy also says that SNP would encourage widespread employee-participation.

The Scottish Conservative Party conference opens at Perth today.

Detailed suggestions on the reform of the Health Service in Scotland will also be discussed and comprehensive proposals on housing, the environment, fishing, energy, land and education, are nearing completion.

The party's manpower and industrial relations policy recognises the right to free collective bargaining but states that it would create a new institution, the "tripartite economic council" to formulate incomes policy.

The Council, comprising members of the Government, Scottish trade unions and employers, would meet annually to agree a "national bargain" on wages and dividends. This would then provide the framework for bargaining at industry and plant level. The Government would encourage compliance with national pay norms through control of allowances on direct taxation.

The policy also says that SNP would encourage widespread employee-participation.

The management and staffs of all Group companies are to be congratulated on the results achieved in 1975 in the face of difficult trading conditions.

Those conditions remain and competition is increasing with consequent narrowing of profit margins. Nevertheless, based upon trading figures for the first three months of 1976, it is hoped that profits for the full year will show an improvement over those for 1975.

The Company's Annual General Meeting will be held in the Council Chamber of the Chartered Insurance Institute, 20, Aldermanbury, London, EC2V 7HX, at 12 noon on Tuesday, 8th June, 1976.

Results of the year to 31st December, 1975 and Dividend

The activities of the Group, including those of the Scottish trading subsidiary companies which account for the greater part of the Group's profits, have again produced satisfactory results for the year 1975.

An interim dividend for the year of 1.5p per Ordinary Share was paid on 7th November, 1975 and a final dividend of 4.8345p per share is recommended for payment on 1st July, 1976, making a total for the year of 6.3345p per share.

Scottish Trading Operation

Co-ordination of the activities of the Group's Scottish subsidiary companies has continued during 1975.

At the end of the year a controlling interest was acquired in Boswell of Blairgowrie Limited, agricultural machinery manufacturers operating in Blairgowrie, Perthshire.

Investments

The Group has retained its holding of 900,000 Ordinary Stock units of 50p each of Tanganyika Concessions Limited.

Other Group investments were progressively reduced during 1975 to provide working capital for the Scottish operations.

Conclusion

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Annual General Meeting

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British Rail warns of higher fares

BY ARTHUR SMITH

INCREASES in passenger fares and freight charges are inevitable, British Rail says in its annual report, which discloses that Government support last year totalled £507m.

The report, published yesterday, is the last to be presented by Sir Richard Marsh the retiring chairman. While great stress is placed upon economies already achieved, British Rail says that short-term expedients could have a long-term adverse effect.

"In spite of the urgency of solving current national problems, it is, in the Board's view, vital to preserve a national asset in a form which will meet future requirements within a national transport framework."

Grants made to British Rail last year comprised £234.1m. towards passenger services, £66.3m. for the deficit on freight, £10.2m. for research and infrastructure, £9m. for level crossings, and £97m. towards funding railmen's pensions.

This was £113m. more than the 1974 grant total, but British Rail points out that in real terms it

represents a modest improvement after allowing for accounting changes introduced by last year's financial reconstruction.

Last year, railway manpower was cut by nearly 5,000, the locomotive fleet reduced by 111 and some 25,000 freight vehicles and 328 passenger coaches were taken out of service.

In spite of economies already effected and productivity talks now under way with the railway unions, it is clear that British Rail must continue to push up fares and charges to the limit that the market will bear in order to contain the level of public subsidy.

Announcing the latest round of fare increases which came into effect at the end of March, the railways said a further rise could not be ruled out this year.

However, there is concern within the Board about the impact of continuing tariff increases on traffic volume. Careful analysis of passenger reaction is under way to determine the timing, size and weighting of the next rise.

The annual report shows that three fare rises in 1975 yielded an additional £74m. on revenue, but traffic dropped 2 per cent. from the level of a year earlier.

The Board says that it intends to stay in and to compete actively for those types of business which rail does well and economically.

Importance is given to inter-company services. By further product development and making wide use of reduced fares, it is hoped to "continue to exploit growth potential."

British Rail intends to continue investment in high-speed trains, in rolling stock depots and in track and signalling, to the limit of available finance.

"On the urban and rural services, which seek to meet social needs, coverage and standards commensurate with the limited finance available will be provided; because of the current financial situation there may well be some decline in quality."

On freight, the Board says that it is confident that it will

achieve plans to increase the tonnage carried by 15 to 20 per cent. over the next two to three years.

The policy of bigger trains moving as unit loads over longer distances, would be continued and this year would see the phased introduction of new locomotives.

The limited investment would be concentrated upon locomotive replacement, new wagons for power-station coal movement, high payload steel-carrying wagons and upon renewing the ageing fleet.

The report repeats the Board's view that the Government imposed target of breaking even on freight by 1978 cannot be met "without prejudice to long-term prospects."

HOME NEWS

Hawker builds new version of business jet

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

HAWKER SIDDELEY Aviation has laid down a production batch of 20 successful HS-125 business jets, with long-dated orders for another 20 to be delivered from 1977.

The company eventually expects to build about 36 aircraft a year, providing continued employment throughout HSA for some 1,500 workers.

Hawker is confident the business jet market is strong enough to justify launching its new model at this time. Throughout the recession of the past two years, business aircraft sales generally have held up well, reflecting the acceptance by the business community of the aeroplane as a tool of management.

With the ending of the recession, there are signs that the market for business aircraft will turn sharply upwards, not only in the U.S. but elsewhere in the world, and Hawker Siddeley wants to be ready with its competitive aeroplane when this occurs.

It also emerged yesterday that the company had made new proposals to the Government for further work on another Hawker project—the HS-146 four-engine turbopropeller programme put “on ice” some time ago when the world business recession hit the airliner market.

Already, in expectation of

Washington Concorde flights increased

BRITISH AIRWAYS is to increase the number of its Concorde flights to Washington to two a week from May 23, much earlier than it had originally planned, writes Michael Donne.

It has been encouraged to do this by the response to its sales campaign in the U.S., with bookings flowing in at a substantial rate, as well as by the need to get the maximum benefit from the 16 months' trial to which Concorde is being limited initially by the U.S. Government.

The inaugural British Airways service from London is being made on May 24, with a corresponding service from Paris by Air France, subject to outstanding legal hurdles being overcome in the next two weeks.

Hurdles

These hurdles include objections by the Environmental Defence Fund in the U.S. to the legality of the U.S. Department of Transportation's original decision permitting the 18 months' Concorde trial, and other environmental objections from local communities around Dulles International Airport.

From May 29, Concorde flights will leave London for Washington on Saturdays and Thursdays, returning to London on Sundays and Fridays. Flight time will be about 3 hours 50 minutes in each direction, and the return fare will be £104 (present first-class plus 20 per cent.).



Water shortage may only be local, says Shore

BY DONALD MACLEAN

WATER SHORTAGE this summer may cause local rather than national problems, Mr. Peter Shore, Secretary for the Environment, said yesterday.

The severity of the water shortage depends on rainfall in coming weeks, but Mr. Shore stressed after meeting water industry leaders yesterday, the problem should be seen as relevant to certain districts.

There were particularly difficult areas such as Leeds, parts of Lincolnshire, Northamptonshire and Cambridgeshire, Somerset and Devon, Peterborough and South Wales.

National rainfall is placed at some 615 millimetres in the year to end-April, against an average for the period of 803 mm.

In April, the situation was worse in comparative terms, with 19mm. recorded, against an average for the month of 61mm.

Company reports rewarded

The Accountants' Awards for 1976 for the best company reports were presented yesterday by Sir Lindsay Ring (left), Lord Mayor of London, to Mr. Peter Prior (centre), chairman of E. P. Bulmer, and Mr. R. G. Cave, chairman of Smiths Industries.

NEDC to review industrial strategy progress

BY ADRIAN HAMILTON

THE PRIME Minister is expected to take the chair at an all-day meeting of the National Economic Development Council on July 7 to consider progress in the first phase of the Government's new industrial strategy.

At the meeting, representatives of industry, unions and Government should have the results of the deliberations of about 40 groups studying problems in individual industries.

The main emphasis of these studies has been concentrated on the short-term problems of bottlenecks in the economic upturn and broader views of the prospects.

Sir Ronald McIntosh speaking at the end of a monthly NEDC meeting yesterday, said that already the main problem areas would appear to be skilled manpower, steel supplies and finance.

Of these, manpower problems would seem the most serious and are already emerging in such areas as foundries, machine tools, construction and electronic computers.

On the questions of finance and steel the picture is more uncertain. While the manufacturing community is clearly expressing apprehension—particularly the medium-sized concerns—the Steel Corporation and the City institutions seem more confident of their ability to meet the demand in the upturn.

Share dealings analysis

THE Stock Exchange's second one-day transaction analysis—carried out on October 8 last year and published to-day—shows that among London brokers, institutions accounted for 62 per cent. of turnover in domestic equities against 55 per cent. in the previous analysis on August 7, 1974.

For country brokers, private clients accounted for 87 per cent. of business in these securities, compared with 90 per cent. in the first analysis.

Self-employed fall behind in income

EVIDENCE of a significant shift in the distribution of incomes among the self-employed to the disadvantage of the self-employed is contained in yesterday's Economic Progress Report from the Treasury.

The report says that between 1974 and 1975 disposable income—the money left after deduction of taxes and national insurance contributions—rose by 22 per cent.

The increase was exactly matched by the rise in prices, so the real disposable income did not change in that period.

Within this unchanging total, however, wages and salaries rose in money terms by 28 per cent. Estimated income from employment rose by only 12 per cent.

“There has been a significant fall in income from employment as a proportion of total income,” the report says.

In 1967, income from employment represented 67 per cent. of gross national product; by 1975 the proportion had increased to 73 per cent.

The counterpart to this rise in the share of income from employment was a decline in the share of company income.

Over the past 20 years, about 8 per cent. of gross domestic product has been transferred from the company to other sectors.

The biggest annual fall in the company share was in 1974, but there was a recovery last year when the disposable income of companies rose by 20 per cent. to £7.1bn.

The improvement in Britain's prospects are summed up by the Treasury from data available up to late last month. Economic indicators show that production, and export demand remains particularly strong. Personal consumption has continued to grow probably at the expense of saving.

The number of job vacancies has been rising since the end of last year and there has been almost no increase in the number of registered unemployed since February.

The rate of increase in retail prices continues to decelerate and the current account deficit on the balance of payments was very much reduced in the first quarter.

The black spot has been the sharp fall in the exchange value of the pound.

Better deal sought for managers

FINANCIAL TIMES REPORTER

OTHER country has treated managers with such “double standard” as Britain, Mr. David Orr, chairman of Unilever, said yesterday. In return for working long hours and making decisions affecting the prosperity of millions of working people, the efforts of managers were being constantly denigrated.

They were accused of being lazy and inefficient and, by implication, to be “on the make” in reality, nothing could be further from the truth, he said.

At the company's annual meeting in London, Mr. Orr called on the Government to lift the crushing burden of taxation on those who take heavier responsibilities as soon as the country's economic circumstances permitted. Such a move would do wonders for morale.

The contribution of Britain's managers was critical to achieving the economic miracle that yesterday, Mr. Denis Healey, Chancellor of the Exchequer, had forecast. Yet there was no other country which had treated its managers so badly.

Managers had seen their differentials eroded, their incentives removed and a massive decline in their real income.

“They know that inflation must be beaten and will support measures to defeat it. They know that this means making sacrifices. They are as ready as any other section of the community to make those sacrifices. But they undoubtedly feel they are carrying more than their fair share of the burden.”

Port Talbot plan

BY ADRIAN HAMILTON

GOVERNMENT decision on expansion of capacity at British Steel Corporation's Port Talbot works and the consequential closing-out of steel-making at other sites seems no nearer after 16 months' delay.

Industry Department officials, answering questions at a Commons Select Committee on Industrialised Industries yesterday, could give no hint when the decision might be made.

Most of the investigations had been made into other solutions, according to Mr. P. W. Ridley, deputy secretary at the Department, but Ministers had still to take up their minds.

He and other officials agreed that committee members that the delay in the decision was

damaging both in financial and production terms. But the delays were inevitable because of the nature of the problem which demanded time to explore possible alternatives.

“The issue is primarily one of social and employment considerations,” Mr. Ridley said.

There had been a large number of alternative suggestions to British Steel's proposals and the department had had to undertake a series of investigations into these.

Mr. Ridley and Mr. S. J. Gross, Under Secretary in the department's iron and steel division, vigorously denied accusations that the delays were due to the inadequacy of the department's machinery and expertise in reviewing BSC's proposals.

Staff fail in Board bid

BY ERIC SHORT

VO staff members of Friends' Life Office failed to elect to the Board at yesterday's annual meeting. An empty by two other candidates was defeated.

In each case voting was by show of hands but the demand for a poll vote of members present in respect of each candidate was accepted by Mr. E. W. Phillips, chairman of the company. The result will be announced to-morrow.

The candidates had been put up by members of the staff of Friends' Provident called the “76 Reform Group.” Objectives involve opening up channels of communication between the Board and the staff in an effort to enable staff to gain influence on the policy-making decisions of the Board. The group hoped to achieve this by putting up its own candidates for election, a move opposed by the Board.

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The Areas for Expansion

With little natural energy resources of its own, Spain is building ten reactors bigger than any in Britain. David Fishlock reports.

Spain leapfrogs into the nuclear era

NO IMAGE more firmly supplants it as the dominant establishes the fact that Spain source by 1985. Traditionally, Spain has consumed a greater proportion of its energy as electricity than perhaps any other nation. Most of it is generated by small privately-owned utilities, with the State accounting for only about one-fifth. A non-profit-making consortium known as ENUSA, composed 60 per cent of State-owned interests and 40 per cent of utility interests (the seven biggest), co-ordinates supply and distribution and submits medium-term national plans to the Government.

Spain, almost bereft of untapped indigenous energy resources except for uranium, has elected to go for a nuclear programme on a scale matched only in proportion to electricity demand by France and West Germany. Sr. Juan Villar Mir, Spain's finance minister, announced at the conference that his government planned to invest about \$5bn. over the next nine years.

The National Electricity Plan calls for 32,000 MW of installed nuclear capacity by 1985. For comparison, Germany plans 50,000 MW and the U.K. a mere 15,000 MW.

In addition to three small "prototype" stations, Spain has seven reactors at an advanced stage of construction, all bigger than any attempted by Britain, the first of which are expected to produce their first electricity next year.

In the past year it has awarded contracts for another eight reactors of the same size, nominally 1,000 MW, scheduled to come on-load between 1980-1982. Another eight will be ordered by 1978. Where to-day about half the nation's electricity comes from imported oil, the Government's goal is that nuclear energy should

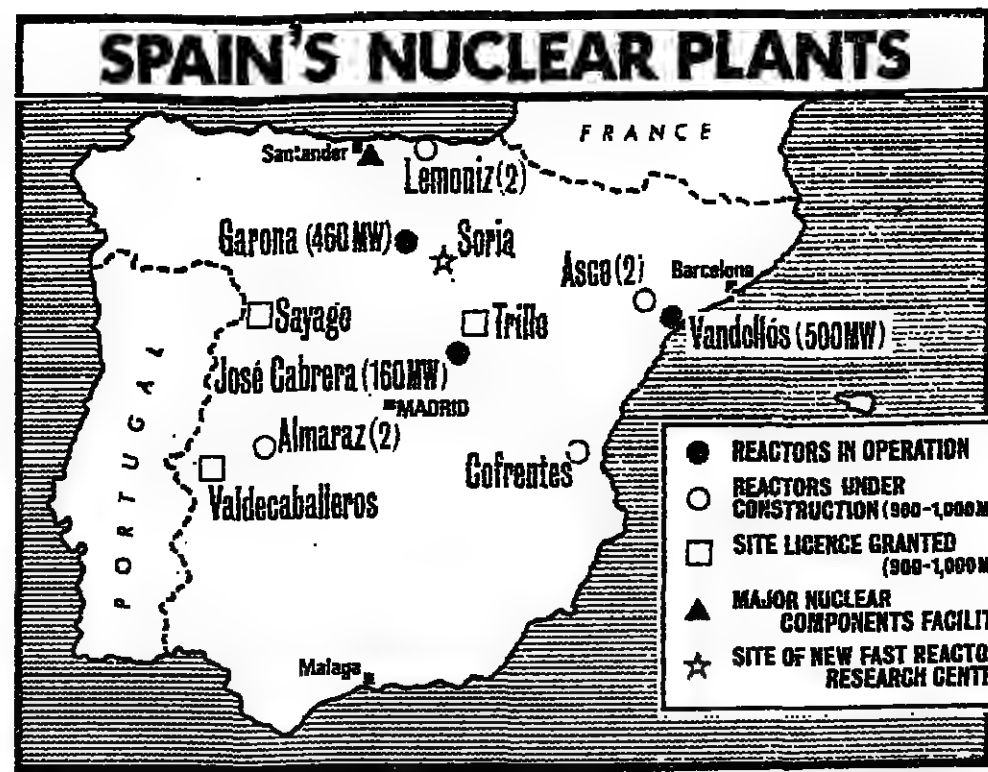
eight awarded) last year the proportion approaches 50 per cent. Moreover, the 1,000 MW turbo-generators for all the new nuclear stations are being built in Spain by Westinghouse Electric Española.

The quest for self-sufficiency in manufacture takes another important step forward this summer, when Spanish industry commissions its first "green field" factory for nuclear component manufacture. A Government edict in 1974 simply declared that by a specified date it would give its blessing to a consortium dedicated to nuclear manufacture. Industry promptly obliged with Equipos Nucleares (ENSA), owned jointly by Babcock and Wilcox Española, Maquinista Terrestre y Marítima, Mecánica de la Peña, and Stein Roubaix es Española.

ENSA's first factory is dedicated to some of the biggest and most demanding of all nuclear components—pressure vessels, pressurisers and steam generators. It is scheduled to deliver Spain's first home-made reactor pressure vessel in 1978. The facility, which is being equipped with Breda (Italian) manufacturing technology, will be licensed to make all four PWR designs and one BWR design available in Europe. It has been designed to fabricate complete sets of heavy components for up to four NSSS a year.

A second factory to be built alongside will be devoted to sculpting the sophisticated stainless steelwork of reactor "internals." The immediate aim is to reduce the imported portion of the NSSS to certain special materials and electronics.

Westinghouse—which makes no secret of the fact that Spain is its brightest market prospect outside the U.S.—is reconciled to the prospect of Spanish in-



dependence within ten or 15 PWR from its German rival Kraftwerk Union. The utility was Spain's first to go nuclear, with a 180 MW Westinghouse reactor. The José Cabrera station, generating since 1968, operated at a load factor exceeding 80 per cent, last year, according to Sr. Eduardo Díaz, a vice-president of the utility.

For the present, however, its position is strong. In pursuit of the philosophy of "total commitment to a market" it has built up an engineering team in Madrid several times the size of that of its rival U.S. General Electric, with computer links to company headquarters in Pittsburgh and Westinghouse in Nuclear Europe in Brussels.

Even so, executives admit they were rocked by the decision of the State-owned Unión Eléctrica last year to order a

reactor operating in its country of origin. The market is big enough to be attracting five reactor vendors—Westinghouse, U.S. General Electric, Babcock and Wilcox, Framatome and Kraftwerk Union.

Unión Eléctrica stepped out of line in a broad agreement among Spanish utilities to standardise their nuclear requirements. But Sr. Díaz remains confident that the German PWR—itsself originally founded on Westinghouse technology—will not upset the manufacturing schedules. Spanish industry is expected to supply about two-thirds of the value of the complete station—the same proportion as for a new Westinghouse project. And Sr. Díaz stresses that his company is still "very content" with its old nuclear partner.

In addition to cash, uranium supplies remain an uncertainty for a big nuclear programme. Annual demand for enriched uranium is expected to increase nine-fold, from 90 tonnes next year to 830 tonnes by 1985. So far the Government has confirmed only that it has found enough indigenous uranium to meet its full needs until 1980. But last August it authorised the national uranium exploration plan on which it expects \$100m. to be spent over the next 10 years.

In Madrid last week nuclear fuel experts admitted that Spain expected to depend on foreign

uranium "to a considerable extent, probably greater than 50 per cent." Currently domestic yellowcake production is about 300 tonnes a year, and is expected to rise to 800 tonnes by about 1978. The latest estimates indicate "reasonably assured" reserves of 10,000 tonnes, with an equal amount "expected to be confirmed, perhaps even substantially surpassed in the near future."

The foundations of a domestic nuclear fuel industry have been well laid by the Junta de Energía Nuclear or Nuclear Energy Board (known in nuclear circles simply as the Junta). This highly influential body—it is deeply embroiled in all Spanish nuclear decisions, including safety and site licensing—has been given responsibility for the new exploration programme.

The accompanying map shows only those nuclear stations for which site licences have already been granted. A further 14 applications have been made to the Junta, which on past performance can take as long as 40 months (in the case of Trillo) to come to its decision.

The Junta's responsibility stops short of commercial exploitation. At its helm as general manager, however, is a man who makes sure that it will go as far down the road towards commercial practice as is required. Sr. Francisco Pascual is a marine engineer who has spent 23 years with the Junta, with only a two-year break when he managed a nuclear engineering group.

Currently, the Junta is advising the consortium ENUSA, set up in 1972 to provide fuel services, on the planning of its first fuel fabrication factory. This is destined for Salamanca province and will have an initial annual capacity of 400 tonnes, increasing to 800 tonnes. On the Junta's advice, ENUSA has licensed both Westinghouse and U.S. General Electric technology for this factory.

For Britain, with no competitive "proven technology" to offer on the reactor side, the utility staff have been seconded to the 300 MW prototype fast nuclear programme is the reprocessing of spent nuclear fuel. West Germany, under a joint German-British project, has already begun the reprocessing of spent fuel from the José Cabrera and Garona reactors.

The U.K. Government gave British Nuclear Fuels permission in March to expand its business in reprocessing overseas

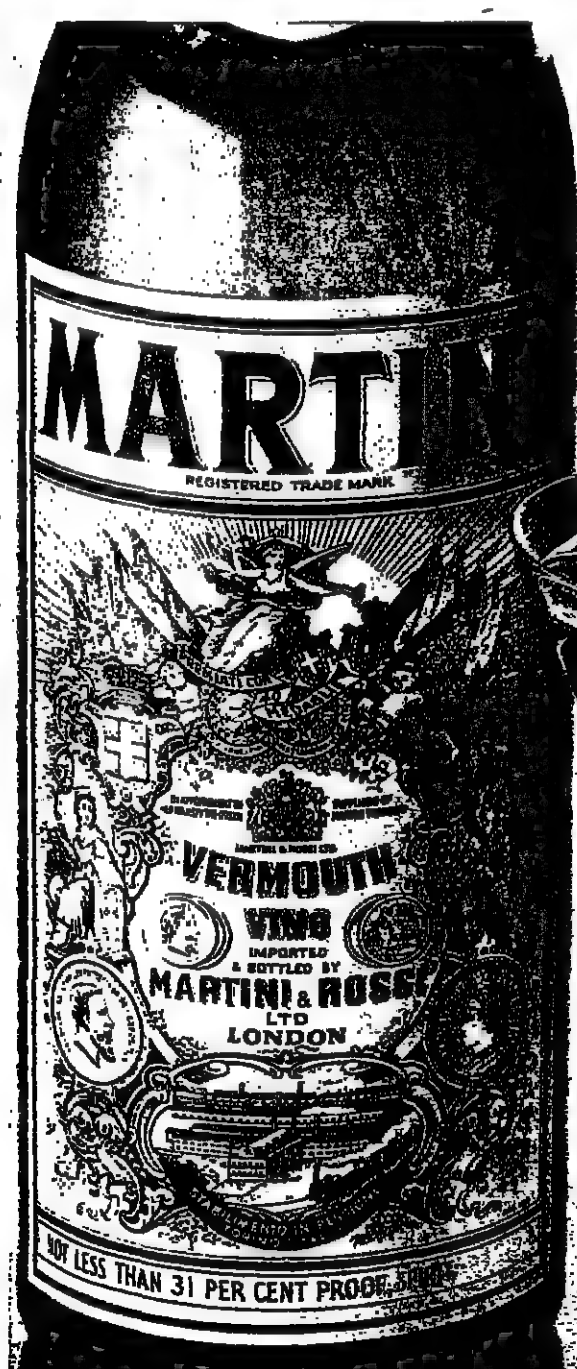
Ambitions

But the size of the Spanish nuclear programme is area enough for it to play hard to set. Unlike the programmes of Sweden or Switzerland, Spanish nuclear ambitions are held enough to justify a national reprocessing facility of say 1,000 tonnes annual capacity by the 1980s. Spain's participation in the international Eurochem project, and the Junta's own experience of a pilot reprocessing plant, have encouraged ENUSA and the Junta to set up a joint study of a national reprocessing plant, including the fuel might be kept safely until the plant was ready.

A prolific by-product of 22,000 MW nuclear power and programme will be plutonium which raises the question of Spanish plans for re-using the man-made fuel. The Junta has a small zero-energy experiment called Coral and looks for circulating molten sodium coolant to test fast reactor components later this year, says Sr. Pascual. The Junta plans to start construction of a new research centre at Soría, north-east of Madrid, to be devoted to the fast reactor.

The Spanish electrical utilities themselves do not reprocess their own but have links with fast reactor teams elsewhere in Europe. For instance, the utility staff have been seconded to the 300 MW prototype fast nuclear programme is the reprocessing of spent nuclear fuel. West Germany, under a joint German-British project, has already begun the reprocessing of spent fuel from the José Cabrera and Garona reactors.

before deciding which route it should follow.



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DEFINITIVE NOTES OF \$1,000 EACH

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era THE INCREDIBLE TRUTH ABOUT AYCLIFFE

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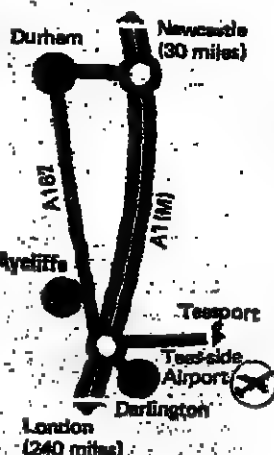
Imagine, too, a town where workers can automatically qualify for a new house at a reasonable rent, where kids can row up in peace, where the countryside comes up to your door and where you are ringed about with three of the country's finest National Parks.

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Perhaps the most incredible thing is that you don't know all about it. If you're looking for the right location for a factory, ask us for a copy of our brochure "Aycliffe Where Ideas Grow". It gives details of advance factories, serviced sites and all our other facilities. Write or phone Mr. J. A. Cooper, Director of Estates, at the address below.

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The Army Benevolent Fund helps as much as it can. But it can never be enough.

Each day and night our soldiers are guarding our security. Please help us to help them and their families when the need arises.

The Army Benevolent Fund

For soldiers, ex-soldiers and their families in distress.
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LABOUR NEWS

NUR executive to meet on ports strike call

BY IAN HARGREAVES, LABOUR STAFF

DEMANDS for a strike by railwaymen at the British Transport Docks Board's 19 ports will be considered in the next few days by the executive council of the National Union of Railwaymen.

About 3,500 rail men from the ports have been refusing to work overtime since the beginning of this week, and yesterday, NUR headquarters in London received requests from members in Hull, Grimsby, Immingham, Southampton and Newport for a national strike to start on Sunday.

Already, the overtime ban has led to hold-ups in container loading at Southampton and problems with berthing ships at Hull. The NUR men involved operate cranes, lock gates and the link spans used in roll-on/roll-off services.

The dispute has three causes: a disagreement on new rates of overtime pay; a claim for extra holiday; and a refusal by the docks board to ensure that the NUR is allowed to operate a closed shop.

A spokesman for the union said the docks board had agreed to base overtime payments on a higher basic rate if the amount of overtime working was reduced. The union had cut overtime, but the pay structure had not been altered.

Commitment

The Board replied that it cannot consider improvements in overtime pay or extra holidays under the terms of the pay policy, as the men have already received the full £5 permitted this year.

The union is demanding a commitment to make the necessary adjustments when pay policy allows.

On the closed shop question, the union points out that the docks board is the only public transport undertaking not to have a compulsory union membership agreement. The Board's view is that it is not its function to enforce closed shops.

The demands for an all-out strike came from the ports with the largest NUR membership. Well over 2,000 men are represented by branches at Southampton, Newport and on the Humber.

A complete stoppage would have a serious effect on freight traffic at these ports.

The joint inquiry into the dispute over how men should be promoted to skilled jobs at Crewe, railway workshops, which led to strikes by the Amalgamated Union of Engineering Workers and the National Union of Railwaymen, opened yesterday in Crewe.

The trouble began when a semi-skilled NUR man was promoted to a job as a metal machinist. The AUEW men struck and agreed to return to work when the man was demoted again, thus sparking off a stoppage by NUR men. The disputed promotion and six other similar cases have been frozen pending the outcome of the inquiry.

Now a pat on back for Ford workers

BY OUR LABOUR STAFF

WORKERS at the Ford plant at Halewood, Liverpool, who were criticised for poor productivity in March, received congratulations yesterday from the operations manager Mr. Albert Caspers.

He said in a letter sent to 10,500 employees in the assembly and body works that the year had started well in January and February and April had been the best month for almost two years.

On 41 days this year Halewood had produced 900 cars a day, a level reached only three times during 1975. On 17 days this year 950 cars a day had been achieved and on one day last week the 1,000 mark was attained.

"The improvement is a credit to efforts of employees at Halewood and I am sure everyone must take pride and satisfaction in the performance. Although we have not met target figures set at the start of the year, the achievement in April must give us the confidence to know that they can still be achieved," Mr. Caspers added.

Halewood has produced nearly 70,000 cars out of an annual target of 325,000.

Commercial travellers to merge

By Our Labour Staff

ABOUT 14,000 commercial travellers decided yesterday to merge with the Association of Scientific, Technical and Managerial Staffs.

The United Commercial Travellers Association voted 7,719 in favour of the merger with 3,012 against. It is expected to join the association within two months.

ASTMS represents about 5,000 commercial travellers already and claims that there are another 30,000 potential members in the U.K. Mr. Clive Jenkins, ASTMS general secretary, plans to launch a recruitment campaign this week-end at the commercial travellers annual conference at Knutsford, Cheshire.

As part of its campaign, ASTMS will approach all companies where it has negotiating rights to seek to represent sales staff.

Local authority staff accept £6

BY DAVID CHURCHILL, LABOUR STAFF

ONE OF THE LAST big groups of workers still to settle their pay claim under the present policy yesterday accepted £6 a week increases payable from July 1.

More than 400,000 local government workers—mainly members of the National and Local Government Officers' Association—will receive the increase which was accepted by their representatives at a meeting with employers yesterday.

Last year, local government workers received increases of up to 25 per cent, just before the pay policy came into force.

Some local government staff in London are still in dispute over a weighting allowance for living in the capital. Their claim, for a 20 per cent increase in the allowance to keep pace with rises in the cost of living, will go to arbitration next week.

Shift to right

With most of the results of elections to NALGO's 70-strong national executive now declared, those for the North-West area are still to come — it is clear there has been a slight shift to the right.

Mr. John Bowles, head of the department, said last night that he was "very pleased" with the results, holding moderate views.

Secret ballot urged for worker-directors

BY OUR LABOUR STAFF

EMPLOYEE-directors should be elected by secret ballot and not by the present open ballot, according to more than one-third of any supervisory Boards, the Association of Investment Trust Companies says in its evidence to the Bullock Committee inquiry on industrial democracy.

The association adds that it does not in any case accept the case for a departure from the traditional single Board structure, but that if twin Boards are to be countenanced, worker-directors should not be responsible to trade unions.

Although the association is in favour of "greater involvement" for employees, it takes the view that industrial democracy lies in consultation with employees on matters of special concern to them on which they can make a constructive contribution, rather than in worker-representation in the boardroom.

Of particular importance was that all members of Boards should not see themselves as responsible to sectional groups because of the dangers of "internal confrontation".

The association notes that the proposals for twin Boards are significantly vague on the responsibilities of the members of a supervisory Board and on whether such directors have a statutory duty in the company or to those by whom they are nominated.

Any idea of forcing schemes for employee-participation on companies is deplored in the evidence.

But the association adds that if a mandatory system is accepted by the Bullock Committee, it should not apply to companies with less than 2,000 employees.

New Job-centres opening

A FURTHER 175 jobcentres, the agency-style, High Street bureau, which have taken over from the traditional labour exchanges, will be opened during the next 12 months bringing the total to 350. Mr. Richard O'Brien, chairman of the Manpower Services Commission, said

GLYNWED

"In 1975 our management of cash was particularly successful"

Highlights from the Statement of the Chairman, Mr. Leslie Fletcher, to the shareholders of Glynwed Limited.

- The Group's level of indebtedness was reduced by £6m.
- Glynwed was affected by the general recession in 1975, with pre-tax profits falling by 34%, and turnover by 5%.
- Building and consumer products and steel and engineering activities showed improvements compared with previous years, but steel stock-holding and certain other operations suffered from low levels of activity in national markets.
- In the light of the fact that inflation has borne heavily on shareholders, the Directors have recommended an increased dividend of 4.30p per share, making a total for 1975 of 6.75p (1974: 6.2785p).

	1975 £'000	1974 £'000
Group Turnover	198,217	208,353
Group Trading Profit	14,239	19,738
Interest Payable	3,806	4,028
Group Profit before Taxation, Extraordinary Items and Minority Interests	10,433	15,710
Group Profit after Taxation, before Extraordinary Items and Minority Interests	4,989	7,428
Dividends		
On Preference shares	68	70
On Ordinary shares		
Interim 2.45p per share	1,149	1,143
Final 4.30p per share	2,018	1,787
6.75p per share	3,167	2,930
Earnings per share—Basic	10.15p	15.52p
—Fully diluted	9.93p	14.92p

- Prospects for 1976 depend largely on factors outside the Group's control. Our aim must be to ensure that our investments are made so as to provide the best growth for the future. There seems to us little doubt that the investment decisions in industry should be made by those charged with the management of companies.

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The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● OPENCAST MINING

U.K. takes big step in draglines

OVER 60 per cent. of the components of a walking dragline to be built at the Sisters open-cast coal site, Northumberland, will be British. This represents a major breakthrough for U.K. technology in this field which has been dominated in the past by American companies.

Bulk of the machinery, including the walk mechanism, will be built by Ruston Bucyrus, Lincoln. Major fabrications, including the tub, walk shoes and main beams will be by F. H. Lloyds, of Wednesbury, Staffs. Ropes and chains will also be British, only the electrical machinery will be made in the U.S.

Work has already started to prepare the base on which the new machine will be assembled. Called the 1260-W, it will have a working weight of about 1,500 tons and will "sit" on a 50-foot diameter base. When it walks—at a top speed of about a sixth of a mile an hour—it will use two feet, each 9 foot wide and 54 foot long.

The dragline bucket, suspended from a boom 260 foot long, will scoop 32 cubic yards at a time. Its dragline rating (bucket weight plus load) will be about 85 tons.

The new machine will be owned by the National Coal Board, Open-cast Executive and operated under agreement by Derek Crouch (Contractors), Peterborough, PE6 7LW (0733 223941), which operates, the Sisters site, near Morpeth, where the machine will work.

It is taking over from Crouch's "Big Gordie" the largest walking dragline in Europe, built about eight years ago by Bucyrus Erie.

Big Gordie, which is to be leased to the NCB will "walk" to a new 3,000-acre site at Butterwell, 2.5 miles from the Sisters site. The Butterwell site is to be worked by Taylor Woodrow, during its walk to the new site in 1977, Big Gordie, which has a 65 cu. yd. bucket, will cross the main London-Eddisbury railway line at Stobbs wood Crossing (supervised by

British Rail engineers), the River Lyne and three C-class roads. The machine is valued at about £8m.

Another Ruston Bucyrus machine—the first of the 1260-W U.K.-built models—is already under construction for the NCB to work the new Coalfield Farm, South Leics, open cast site. This machine should be in operation in September and is being assembled by Sir Lindsay Parkinson.

The NCB estimates that because the new machines will have a large British content delivery time has been speeded by about two years, and the spares problem is simplified.

Ruston Bucyrus says that it has plans to build up to eight more 1260-Ws and has submitted overseas tenders to supply some six machines. The British-built content of these later machines will increase to about 85 per cent. This will then include the electrical machinery and the electronic controls. Because of supply difficulties, the high carbon steel tube required for

construction of part of the boom will be imported from the U.S. The new 200-acre site at Coalfield Farm is to be operated by Morrison Meighan. It contains some 4m. tons of coal with a low overburden to coal ratio of 4:1. The coal will be removed at a rate of about 20,000 tons/week for the next four years. The coal will be collected at a disposal point, which will feed a 3.2-km overland conveyor running in a disused railway cutting to the South Leicestershire colliery 2,000-ton bunker. This will automatically feed five coal trains a day on a special rail link.

When the new site was first proposed there was considerable public opposition, but now the District Council is considering NCB plans to restore the site as an amenity area. As the River Sence has had to be diverted to work the site, the plans include a park and large lake for boating and fishing, as well as a wild life reserve, a football pitch and a venture playground.

level than the rest of the area. Two Sykes 3-4 inch (75-100 mm) three stage high pressure pumps were put into position at the failing river source, pumping directly into the main pump-house and chlorination plant and, operating at a total head of some 800 feet (183m), restored supplies.

Sykes is at Woolwich Road, Charlton, London SE7 7AP (01-858 8121).

● WATER SUPPLY

Standby for drought emergencies

BOOSTER pumping services geared specifically to the requirements of water authorities have been put into operation by Sykes Pumps, Woolwich Road, Charlton, London SE7 7AP, to meet the growing and urgent demand to supplement water supplies.

Applications include the boosting of mains to restore falling delivery pressures, the direct feeding of permanent pumping installations where diminishing sources create difficulties of abstraction, pumping into trunk mains for transfer from areas not so severely affected and the direct filling of reservoirs.

Boosting mains is among the more usual applications for emergency pumping services. This normally occurs when a diminishing pressure makes it difficult or impossible to meet the demands at the outer limits of the delivery main. This is overcome by picking up the supply and simply overpumping to increase the pressure within the line.

Typical of a direct feeding application is one which took place in the West Country when a fall in pressure caused a sudden loss of supplies in a village which was at a higher

level than the rest of the area. Two Sykes 3-4 inch (75-100 mm) three stage high pressure pumps were put into position at the failing river source, pumping directly into the main pump-house and chlorination plant and, operating at a total head of some 800 feet (183m), restored supplies.

Sykes is at Woolwich Road, Charlton, London SE7 7AP (01-858 8121).

● METALWORKING

Soldering by battery power

RECHARGEABLE nickel-cadmium batteries power the Model B.50 soldering iron developed by Engel GubH—it should be capable of up to 100 operations on one charge. Recharging takes eight hours.

The iron is fitted with a bit for work up to 2.5 sq. mm. and heats to an operating temperature in the region of 350 degrees C in about seven seconds.

Included in the kit is a cleaning pad and screwdriver, as well as the battery charger. Working from the standard mains supply, the recharging unit can be used as a bench holder for the iron.

Made in Germany, the soldering iron is available from Kelgray Products, Bywell House, South Godstone, Surrey (034226 3003).

● HANDLING

Accurate guidance of webs

ANY MACHINE fed by a reel of material (or a web), such as are used in printing, paper, textiles or plastics factories, can run into production bottlenecks if the web is not precisely positioned during its progress through the machine.

This can be due to stretch or lateral deformation due to humidity or heat, among others. Simon-VK has improved its JHRH web guiding system so that the web can be situated up to 15 metres (50 feet) from the sensing head on the machine. This enables the unit to be sited outside hazardous areas which would normally necessitate the use of explosion-proof motors. It can also be re-sited to suit particular working conditions in order, for example, to comply with health and safety requirements.

Existing models can be modified to incorporate these improvements, which are a result of a development programme under-

● FINISHING

Plater runs on linear motors

ONE OF the main displays on M & T Cruickshanks' stand at the Surface Treatment and Finishing Show, will be a new automatic electroplating plant with transporters driven by linear motors. The Show is at the National Exhibition Centre, Birmingham, May 18-21.

The plant is one of two ordered by Prestige for its Burnley factory, where it will nickel-plate components in the houseware ranges using M & T's processes including Superlume II, Superbarlume and the new Nickel-Iron.

Advantages the linear drive has include precise control, reduction

● PACKAGING

Automatic wrap for fibre bale

MIA (Sheffield) has completed a shrink-wrap line for ICI Fibres, Terylene Works, Wiltton. The line is designed to give a heavy-duty, all round wrap to bales of staple fibre on a fully automated output up to 60 bales per hour.

MIA is at Julian Road, White Bales of 500 lb weight in two bank, Sheffield, S9 1FY. 0742.

Join up with the

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basic sizes are supplied at no cost to the MIA line by one head holst where they are pushed through a web of polythene 80 (300 micron thickness) to separate sealing stations, the first forming a seal behind each bale and the second forming an envelope on each side and spreading the film into position. The encapsulated bale process through an electrically heated shrinkwrap operation. Designed to cope with the projected future output of this show the MIA line is capable of output up to 60 bales per hour. MIA is at Julian Road, White Bales of 500 lb weight in two bank, Sheffield, S9 1FY. 0742.

● DATA PROCESSING

COM bureau has twins

FOLLOWING a five-month evaluation of the Datagraph 4550 minicomputer, front ended COM recorder, ICL Datacom has installed a second, fully compatible machine.

During the evaluation more than five-million frames of output were filmed, involving over 400 different client applications. Datagraph software proved extremely versatile and flexible and coped with the most difficult input and output requirements.

USCL is planning to simplify users' problems by removing implementation of COM software from the client main frame to the front end equipment.

USCL, Station House, Harrow Road, Wembley, Middx., HA9 6EB (01-903 4551).

More pads for data

SIX ADDITIONAL input devices and improved software editing are incorporated in the latest 73-character display units, can be leased up to 1,000 feet of tape, simplifying installation in large buildings.

Datapad allows an operator to enter data to a computer without any specialist training. Alphabetic data can be entered using ordinary handwriting (most styles cause no problem) on a simple format printed sheet. The sheet rests on a pad which, via a minicomputer, recog-

Teaching terminals

TWENTY video display terminals have been supplied to the Ministry of Defence joint services data training establishment at Blandford Camp, Dorset, by Delta Data Systems.

The contract forms part of a complete upgrading of the facilities at the establishment, which provides DP courses to service personnel at various levels. Other moves include the replacement of an ICL 1903 with a time-sharing system based on a DEC System 10.

In considering the input devices MOD decided on the video terminal approach in order to be consistent in the training content with the most likely terminals of future large MOD systems.

Another converter

APPLIED Computing and Software has started a 1800 to 2900 conversion service. The service for users of new ICL machines will be run by ACS's Conversion Group which has extensive experience of conversion projects on IBM and ICL machines. The software side include a Plan to Cobol converter and a Cobol to Cobol translator which can convert from a number of machines to a 2900.

ACS, Great Portland Street, London W1N 5AH (01-637 0106).

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JOHN MAYER, Managing Director.

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● MATERIALS

Protective coating

STATED TO be suitable for interior or exterior use, even on damp surfaces, an epoxy emulsion coating has been introduced which is intended for general purpose damp-proofing, protective coating and decorative applications.

Called Wetecote, it is easy to use, and is resistant to fungal growth, dirt and graffiti. Available from Resolcrete Group Sales, Atlantic Works, Oakley Road, Southampton SO9 4PL (070377 7331), it can be used to damp-proof cellars and external floors, as a waterproof membrane prior to laying carpets or tiles; to prevent tanks and pipes from leaking; for sealing timber; proofing concrete floors against water, grease, oil, dusting and chemical attack; as a release agent for shuttering; and for decorating swimming pools.

● SOFTWARE

Improves throughput

CALLER OPTIMUS, a software package has been introduced by Westinghouse which is stated to improve the throughput of IBM DOS and DOS/VS installations by up to 30 per cent.

It provides the console operator with a set of simple commands which can be used to select which partitions and associated subtasks are to be optimised. The package then ensures that the job mix is dynamically organised to prevent partition lockout and system degradation.

Westinghouse, which is at Brynmund Road, Hinton, Herts. SG5 1RT (0462 50369), says the system can be installed in a matter of minutes and requires no modification to the supervisor or other IBM software. Purchase price is £950, and the package is also available on a six-month rental contract at £45/month; the company offers a 15-day free trial.

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ACCOUNTANCY APPOINTMENTS

FINANCIAL DIRECTOR

Oxfordshire

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With a brief to further improve profitability of the U.K. subsidiary and responsible to the Managing Director, the Financial Director will further develop the sound but limited reporting package. Systems are currently manual and may well require computerisation.

Supervising 20 staff, the Financial Director will be closely involved in all general management decisions. Applicants must be of sufficient quality to be strong candidates for further promotion.

Applicants (male or female) must be graduate qualified accountants, ideally aged 30-35, with manufacturing experience preferably with a U.S. subsidiary. Please telephone or write to David Hogg A.C.A. quoting reference 1/689.

E.M.A. Management Personnel Ltd.
Burne House, 88/89 High Holborn
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01-242 7773/4

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For a major British international group with extensive interests and a multi-million pounds turnover in the Far East. Location Hong Kong. This is a new appointment involving the financial management of the majority of the Group's diverse operations in the Far East.

The requirement is for an outstanding financial executive with knowledge of industrial accounting and depth of experience in the treasury aspect of financial management, perhaps obtained through merchant banking, who has the character and potential to go to the top. This is a most important position for which the successful candidate must combine the professional attributes of the accountant with drive and panache.

A graduate Chartered Accountant aged 35-40 is required. The salary is well into five figures depending upon age and experience plus normal local and overseas benefits.

Write in confidence to

F. H. Scobie

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Central London

About £11,000 negotiable

Our client is a major advertising agency with an excellent growth record. They require a Financial Director who will report to the Chairman.

The applicant, male or female, will be responsible for the complete finance and accounting function, including the further development of a modern management information system; the operation of the budgetary control system and cash flow. The applicant will be responsible for legal and secretarial matters including negotiation of contracts.

Applicants must be qualified accountants, with many years of wide ranging financial experience at a senior level, ideally in advertising. The salary is negotiable around £11,000 and there are excellent fringe benefits. The prospects are excellent. Please send a comprehensive career resume, including salary history, and quoting ref. 823/FT, to:

W. L. Tait
TOUCHE ROSS & CO.,
Management Consultants,
Executive Selection Division,
4-London Wall Buildings,
London, EC2M 5UJ.
Tel: 01-555 6544

Opportunities in the Abbey Life Investment Team

To increase the strength of our management team we now need to recruit 3 additional analysts of whom one ideally shall be a Chartered Accountant with strong audit experience.

Abbey Life is one of the most successful unit-linked life assurance companies in Britain today. From total funds of £350m, our investment team manages some £185m in money market, fixed interest and equity assets. We aim for good all round performance and are consistently highly placed in unit-linked league tables.

All three will have the drive and initiative to make a significant mark in a highly successful team and the ability to make value judgements and rapid decisions. They will be of professional standing with relevant degrees or qualifications and have at least 2 years investment experience; preferably in institutional work.

Analysts should have a knowledge of corporate finance, economics and actuarial or accounting techniques and possess the negotiating skills to deal with stockbrokers, banks etc.

Abbey Life is a company where energy and initiative are quickly recognised and rewarded and where there is opportunity to specialise. Starting salaries are competitive and rise progressively.

If you think your ability measures up to our team and you can prove a record of recent success in the investment field, please write or telephone in strict confidence to:

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Abbey Life Assurance Co., Ltd.

Watling House, 36/37 Cannon Street, London EC4M 5SN. Tel: 01-286 1555

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01-253 5709

01-251 2594

Assistant Treasurer

Oil Industry London c.£9000

Our client, a major American oil company employing 44,000 employees and trading in 33 countries, invites applications for the post of Assistant Treasurer of the European co-ordinating and management subsidiary, based at their London administrative headquarters.

This post, created by a recent internal promotion, represents a unique career opportunity for a mature and experienced candidate, who can indicate considerable financial experience, at a senior level, within the international petroleum industry.

The successful applicant, male or female, will be assigned broad responsibility for financial and banking relations involving both United Kingdom and European affiliate interests.

This will include representing the organisation at trade/industry conferences; being involved in foreign exchange/credit management and supervising the operations function throughout the Treasury Division.

In this advisory and liaison capacity, considerable demands will be made of the successful applicant's financial experience and overall business acumen.

Undoubtedly it requires a degree-holder or qualified Financial Accountant, aged preferably 30-40, capable of working at a senior level where positive decision taking is imperative.

In recognition of a major contribution, the client foresees an ultimate opportunity for the post-holder to undertake a 2 or 3 year assignment in the United States, as part of a planned career path.

Salary is negotiable to c.£9000 and excellent conditions of employment, including non-contributory pension scheme and free restaurant, apply.

Applications, in confidence, should provide full career details. Please advise of any organisations to whom you would not wish your application referred.

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Ideally, those interested should be Chartered Accountants, aged 40-45, with experience in a large professionally managed business. They must have a firm grasp of management accounting. Knowledge of secretarial responsibilities is not vital but the intellect to learn quickly and a diplomatic and tactful approach to people are essential.

Salary is negotiable between £8-£10,000 plus profit share, car, pension, B.U.P.A. and help with removal costs.

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Please write or phone, in confidence, for a job description and an application form to: W. J. Beechey, Manager, Group Personnel Services, Debenhams Ltd., 1 Welbeck Street, London W1A 1DF. (01-580 4444 ext. 419).

Debenhams

GROUP FINANCIAL CONTROLLER

A Group of Companies in the publishing and printing field, based in Nairobi, Kenya, with worldwide affiliations and employing some 800 staff, requires a Financial Controller reporting to the Managing Director.

He will be responsible for long and short term financial planning, the preparation and supervision of operational and cash budgets and loan administration for the whole group, and thus to assist in the formulation and execution of consistent and progressive management policies. He will ensure regular and timely reporting of financial data and systems to the Board of Directors.

The ideal candidate is a qualified accountant with substantial professional experience and several years' service in a position of comparable responsibility, preferably within the newspaper, publishing or printing industries. Experience in the use of computers is essential.

This post offers an attractive salary, commensurate with age and experience, as well as generous fringe benefits. Shortlisted candidates will be interviewed in London. Applications should be addressed, with full curriculum vitae, photograph and at least one independent reference, to:

Industrial Promotional Services Limited

70 rue de Lausanne

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Financial Director

c. £11,000 East Anglia

British controlled manufacturing group with a multi-million pound turnover seeks a Financial Director to be directly responsible to the Chief Executive for all accounting and finance. Salary negotiable around £11,000 plus company car and other benefits. Relocation expenses.

Candidates, probably aged 30-45, will be qualified accountants, preferably ACAs. The ability to operate within a forceful management team is a prerequisite. Evidence of a systematic approach to physical and financial controls is required.

For a fuller job description male or female candidates should write to John Courris & Partners at 75 Wigmore Street, London W1R 9DQ, indicating briefly their relevance and quoting reference 362/FT.

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Finance Director

Contracting Industry

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Applicants should be professionally qualified, preferably in their mid-thirties, with practical

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REPLIES will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference on the envelope.

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TOUCHE ROSS & CO.
Management Consultants,
4 London Wall Buildings,
London EC2M 5UJ.
Tel: 01-588 6644.

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Candidates should be qualified accountants, preferably aged 35-40, with a background of industrial and commercial experience and a proven record exhibiting sound commercial judgment, grasp and interpretative ability.

Replies stating age, qualifications, experience and salary required should be sent to:

R. Simmonds,
STOY HAYWARD LIMITED,
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An Investment Analyst is required to specialise in the analysis of life insurance, composite insurance and insurance broking companies.

It is anticipated that the successful application will either be able to show a record of proven success within this field of analysis and/or will have spent a reasonable length of time in the insurance industry in a position which enables the applicant to have an understanding of the industry as a whole.

It is probable that the successful applicant will possess a good degree and will be qualified as a F.I.A. or F.F.A. Candidates should be able to express themselves concisely and should be able to communicate their ideas to specialists and non-specialists.

Remuneration will be by negotiation and will be fully competitive.

Applications, giving details of career to date, should be sent under "Private & Confidential" cover to:

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Applicants, preferably in the 30-35 years age range, should have not less than 5 years' broad experience of tanker terminal work and should be fully conversant with standard documentation and operations including Bills of Lading, Demurrage, Port Regulations, ASTM tables and quality, Crude Sales contracts etc. Responsibilities will involve assisting in the development of procedures for the new terminal (for which a working knowledge of computers would be an asset), liaison with crude oil purchasers and with other consortium partners on all aspects of tanker operations and offtake. Candidates with potential can expect good career prospects. Anyone earning less than around £5,000 p.a. is unlikely to have the experience required. Generous fringe benefits include 5 weeks' annual holiday.

Please apply in writing giving full details of qualifications and experience to:

The Technical Director
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Chief Executive Designate

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(PA Personnel Services Ref: GM3/5603/FT) The identity of candidates will not be revealed to our clients without prior permission given during a confidential discussion. Please send brief career details, quoting reference number to the address below, or write for an application form, and advise us if you have recently made any other applications.

PA Personnel Services

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THURSDAY, MAY 13, 1976

The sensible decision

MR. JO GRIMOND'S decision to accept the leadership of the Liberal Party, albeit temporarily, is a sensible one. The party has been severely damaged by the events of the past few months, and a period of further turmoil and internecine strife might lead to its total eclipse. There are very few Liberals who cannot be relieved that their elder statesman has come back to calm things down: as for the rest of the country it has to be said that there is undoubtedly a need for a third party whose policies are radically different from those of the two major national parties. There is room for considerable debate about whether the Liberals are equipped to fulfil this role, but the fact is that as matters stand they are the only ones who are attempting to do so.

New direction

Yet the return of Mr. Grimond is in no way a guarantee of the end of the Liberal's search for a new direction and a permanent new leader. He said yesterday that he would stay only for a couple of months, until the new procedure for the election of a leader is agreed and put into practice. He strenuously resisted all suggestions that he himself would stand in any such election. But for all his excellent qualities Mr. Grimond cannot be said to be a man who is absolutely sure in his own mind whether he wants to be permanent leader or not. Until yesterday his position, repeated on several occasions, was that if he were to return to the leadership of the party he would do so only on condition that he stayed in the job for five or ten years, but never as caretaker. This is precisely the opposite of what he has now done: and in answer to the many questions pressed upon him yesterday he admitted that he might grow to like the job again.

Before he makes his positive final decision on whether or not

to continue as leader for an indefinite period Mr. Grimond has several important tasks to undertake. He must ensure that the run-up to the forthcoming election is conducted as smoothly and efficiently as possible: this is important whether or not he himself becomes a candidate. He must try to guide the party towards a method of leadership election that produces a reasonable result, acceptable to both the party and the country. Its present proposals are perhaps too wide-ranging: there is in them the danger that a popular "grass roots" choice might produce a leader with whom the Parliamentary party might find it difficult to work. On the other hand there is no chance of the majority of party members accepting a closed, M.P.-only election, or something too close to that, with good grace. This is an area in which Mr. Grimond's judgment will be put to a severe, and early, test.

Eloquent

The second important task is to steer the party in a direction that a large number of people will find relevant to contemporary needs. Mr. Grimond himself has become an eloquent spokesman for those who insist that modern government (be it Conservative or Labour-led) is too dependent on bureaucracy: his preferred solution is the return of powers and responsibilities to individuals, or small groups of people, or local areas. This is a potentially popular line, and Mr. Grimond is well equipped to pursue it, and to persuade his party to adopt it. All the ingredients exist in present Liberal policies, but even the best friends of the outgoing leader, Mr. Jeremy Thorpe, would not claim that he has an innovator in matters of ideology. Under Mr. Grimond and under the most astute of his possible successors, Mr. David Steel, the party would have a chance to develop and propagate this theme.

Straight down the middle

THE MORE abstract an issue, in general, the more acrimonious the arguments which it provokes. The running argument about the necessity or desirability of a policy of prices and incomes policy tends to be ideologically fierce just because the idea which it represents is vague, and it takes place inside political parties and other organised pressure groups as well as between them. It is particularly fierce at present inside the Conservative Party, partly for historical reasons, partly because the way in which the idea has been widened by a Labour Government into the "social contract," has both caused the public borrowing requirement to rise to a dangerous level and has greatly increased the power of the trade unions. It was high time for the Shadow Chancellor, Sir Geoffrey Howe, who has himself been closely involved in the changing pattern of Conservative thought on this matter, to work out a practical attitude which most Conservatives could support.

This he has now done, in a speech delivered yesterday, with considerable skill. He stresses that changes in the money supply are the basic cause of inflation, and that policies for interfering artificially with the free movement of prices and wages are likely, if maintained for long, to be economically and politically harmful as well as extremely difficult to manage. It is not excessive wage increases in themselves that cause inflation: it is the readiness of governments to increase the money supply to make these increases compatible with full employment.

Union attitudes

This is unquestionably true: and not the least disadvantage of buying trade union compliance in wage restraint with political favours over a period of years is that it tends to blur perception of the actual mechanism of inflation. Trade union leaders and their members may see clearly enough how excessive wage increases in one industry may over-employ one industry, but they find it more

difficult to relate the movement of wages in the country as a whole to the behaviour of unemployment in the country as a whole.

There are some signs, however, that this attitude is changing, and that union leaders, who have always denied that wage claims are responsible for inflation, now realise that they may be responsible for unemployment unless the Government takes effective inflationary action—which, as our recent history has shown, can soon reach a level which threatens to destroy the established institutions of society. Because, however, it is a fact of postwar history that the maintenance of full employment (in an extremely generous interpretation of the phrase) has been regarded as a responsibility of government, we cannot move away from old pre-conceptions overnight.

Profit accepted

Sir Geoffrey proposes that we should move forward from the present position by better public education about the nature of inflation and the use of monetary policy: cuts in public expenditure—with better methods of handling wage claims in the public sector, a sharp rise in industrial profits, and, above all, with a much greater degree of public consultation about economic policy, perhaps through an extension of the National Economic Development Council. This is a policy which all but a minority of Conservatives should be able to accept. It is one to which various Labour politicians and trade union leaders seem gradually to be moving under the pressure of events and one which a surprisingly high proportion of workers would probably find acceptable. According to a survey of employee attitudes recently commissioned by the CBI, only a tiny minority believe that profit is a dirty word or that company profits are immoral. The same survey, incidentally, shows that a considerable number both of workers and of managers feel how excessive wage increases in that they are under-employed one industry may over-employ one industry, but they find it more

U.S. labour has been more adaptable than expected to changes in the telecommunications industry.

Inescapable problems of the electronic revolution

By CHRISTOPHER LORENZ, recently in the U.S.

IN THE last five years a wide range of industries has undergone a radical and painful change of character as they have transformed their product lines from mechanical or electro-mechanical designs to electronics. The latest European recruit to the list of industries undergoing this structural change is telecommunications—and the British industry is having to face up to the problems.

Among the first world industries to be affected were office equipment and cash registers: companies like Litton and NCR in the U.S. and Olivetti and Olympia in Europe, have been grappling with the problem for some time. Only last week Anker Werke of West Germany, one of Europe's leading cash register makers, finally threw in the sponge and went bankrupt after two years of extreme financial strain as it tried to cope with the transformation.

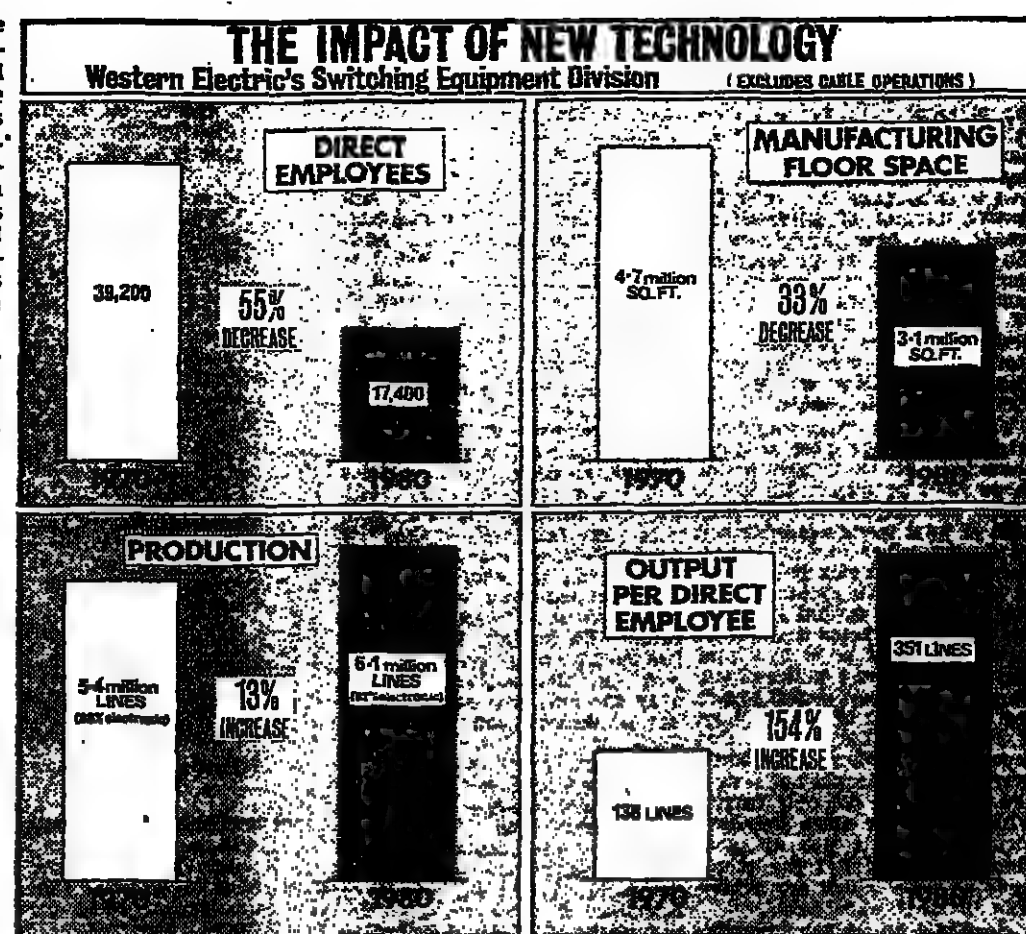
Apart from the need in some cases for new corporate links, in order to spread the load of developing and marketing electronics, transformation of a product line requires a series of changes in the factory as well as the office. Even if carried out over a period of years, they are drastic.

Others will follow the telecommunications industry in the 1980s, but few of them will be as weighty. Not only can many telecommunications products be classed as heavy capital goods (unlike office equipment or even cash registers), but the sheer size of the industry magnifies the problems, both in managerial and national terms.

Britain is affected

The countries most obviously affected are Britain and West Germany, whose Post Offices have committed themselves since 1973 to a shift in orders from electro-mechanical to electronic designs of telephone exchanges, so as to modernise their networks and increase efficiency. The companies most affected are Plessey, GEC and IIT in the U.K., Siemens and IFT in Germany. Sweden's L. M. Ericsson is also directly concerned, in its case largely because of changing demands from overseas customers—electronics is now in demand in every country with a major telephone expansion programme, from Australia to Brazil, France to Iran and Saudi Arabia.

It is exchanges, or "switching," which are the focus of the challenge, partly because the transformation in their design is far more dramatic than in other sorts of telephone equipment, and partly because of



their volume—exchanges since 1965 and 1970 respectively.

As a result, they have both had to deal for some time with the problems which are only now facing most of the Europeans. The lesson of their experience is that people and unions are far more adaptable than the management might have expected (in the U.S., at least), but that the impact of electronics on the manufacturing process may be greater than anticipated by even the most far-sighted planners.

Lower costs

For years, the two companies made electro-mechanical exchanges—either "step-by-step" or crossbar. Its more modern successor—consisting of large and heavy pieces of electro-mechanical equipment, Western

then set the lead with the introduction of computer software in place of electro-mechanical controls—the so-called "SPC" (for stored programme control). At exchange, Western has already moved through at least three generations of SPC. The first West, the executive vice-

two use compact, but still electro-mechanical, switches; a major difference is that the first did not use many integrated circuits. The third and latest has an all-electronic, solid-state digital switch, with no moving parts.

At every stage of this advance, the size of the equipment and its labour content have fallen: in the factory, the installation teams, in the customers' maintenance pool and even at the initial drawing board stage. In return, the customer is getting better and more cost-effective service. Western's first SPC exchange, for example, cost no more to buy than its electro-mechanical predecessor, but offered far more facilities to subscriber and telephone company alike (including better reliability), and cost less than half as much to maintain.

The key to the impact of all this on the manufacturers is the way in which their buy-in and added-value ratios are turned upside-down by the onset of electronics. Automatic Electric has had to make the most drastic transformation of all, directly from step-by-step to SPC, since it never made crossbar. Executives at its headquarters at Northlake, near Chicago, report that the direct labour content has fallen from about a third to a tenth on the new type of equipment. At exchange, Western has already moved through at least three generations of SPC. The first West, the executive vice-

cent for crossbar, 60 per cent. for the first SPC generation, and 75 per cent. for the latest, digital, product.

The impact of electronics on the size of Western's switching labour force is illustrated on the left. The targeted output for 1980, in terms of lines, is 13 per cent. higher than in 1970, but it will need only 45 per cent. as many direct employees, and only two-thirds the factory space. The number of indirects will fall just as sharply—due partly to automation in offices and accounts departments—and the installation labour force will fall to only a quarter. The shift in the composition of the total switching labour force is underlined by the fact that the number working on software will increase by about 600. Many of the new people will be writing exchange control programmes, replacing the much larger number on the shop floor who used to construct and wire together the traditional control "hardware" for step-by-step and crossbar exchanges.

By the time Western's output is entirely electronic there will have been a further, though smaller, decline, and the process will continue as design improvements are made.

Even so, TXE 4 requires at least 40 per cent. less labour than crossbar, and the British telecommunications industry's labour force will fall by at least a third by 1979-80, from over 90,000 about a year ago. The recession in P.O. orders has accelerated the change, and made it more painful.

To the European visitor, the ease with which the two U.S. companies have accomplished the transformation is surprising. Executives at Northlake admit that "the morale problem" among their employees was bigger than expected, but many workers have been prepared to accept lower job grades as they moved to less skilled jobs on electronic exchanges. In spite of the presence of a dozen unions, Northlake's labour relations have been good (the company has had only three strikes in 19 years in the Chicago area), and there have been no demonstration disputes over the shift to electronics. Western's situation has been further eased by having only one union per plant.

Modern plants

Both Automatic Electric and Western had planned to accomplish this drastic change in numbers and skills over many years, and with the minimum of redundancy—each has a 12 per cent. annual labour turnover in normal times. But, like the British and the Germans, they were caught short by the recession, and a sudden slump in orders. Mainly through natural wastage and voluntary redundancy, Automatic Electric has cut the labour force at its Northlake switching plant by 35 per cent. since 1971. Western was hit much harder, and through plant closures, large-scale redundancies have cut the number of direct employees at switching by over half since 1970, to 19,000. So, much of the programme for this decade has already been "carried out."

Within these overall "net" figures, there has been an even greater change, with some leavers offset by new recruits. Mr. West reckons that only about two-thirds of his direct switching labour force in 1980 would have been with the company ten years earlier.

The severity of these changes in the U.S., especially when compounded by the recession in orders, lend some support to the strategy of the British Post Office. It has purposely moved slowly into the electronic era, through an intermediate design, TXE 4, rather than go direct to computer-control, which could have had an even sharper im-

Neither company has opened new factories (except for a pilot Western plant in Illinois), contrary to the current strategy of many of their European counterparts. The good labour record may be part of the explanation, but another is that only one of their existing major electro-mechanical plants is more than 20 years old, again a contrast with many of the Europeans.

Another contrast concerns the composition of the labour force. "With fewer heavy machine operations, we thought there would be a shift" from men to women, recalls Mr. West, but the composite figure for all Western's switching plants has stayed steady at just over 60 per cent. Most European companies still expect a marked shift, however.

Even if the U.S. and European industrial relations contexts are different, there are many other common denominators. One is the cost of redundancy, as shown by Plessey's recent profit figure and by those of Western over the past two years. As the Europeans will discover in the next five years, another is the cost of converting factories to electronics: £18m. was spent at Northlake alone, more than the original cost of the factory. Multiply this on a world-wide scale, and you get some measure of the magnitude of the current industrial revolution in telecommunications.

MEN AND MATTERS

Accounting for tastes

Some genteel differences of opinion, ventilated in a general air of puzzlement, were aired in the City's Mansion House yesterday when a couple of company chairmen stepped up to accept awards for the quality of their report and accounts. Straight away, that presented outsiders at the lavish ceremony (Lord Mayor and all) with a bit of a problem: the award scheme has been going 24 years "to encourage the preparation of clearer and more informative annual reports and accounts," but these are the only criteria offered.

So the panel of judges, declining to be more specific, put yesterday's recipients themselves in a bit of a quandary. Richard Cave, chairman of Smiths Industries, was duly grateful but mystified why his group had collected one of the awards given by *The Accountant* magazine.

Perhaps it was all to do with the inclusion of inflation adjusted accounts in the main body of the report, which enabled Smiths to show three different profit figures—or, on another modish theme, Cave wondered if it had been something to do with the issue of a separate document for employees. That was full of coloured diagrams and laymen's explanations of knotty things like deferred taxation. Well done, Smiths, but what then of the other winner, elder maker H.P. Bulmer? That company had not attempted to include inflation accounting, and chairman Peter Prior was distinctly unkind about the preparation of specially simplified accounts for the workforce. He thought it "a patronising and almost insulting assumption

to imply that the average man on the shop floor is less intelligent than the average shareholder."

Michael Wheeler QC, chairman of the judging panel, did give some hint of how he and his colleagues felt when he disagreed on Prior's worker-report standpoint. Wheeler felt such efforts did have a "role to play." And it appears likely that accounts which do not attempt to offer inflation adjustments will not after this year find favour.

High, low

Opening shortly in New York's Empire State Building is a museum of superlatives. The museum is intended to be a permanent fixture and one of its functions is to restore the flagging tourist revenue: income from this source has dropped off apparently since the building ceased to rate as the world's tallest. (That distinction now rests with the Sears Tower in Chicago.)

But the museum will also be a monument to the Guinness Book of Records which has done more than any other single publication to put superlatives on the map. In fact it is the record book people led by Norris McWhirter who have organised the affair, and McWhirter himself is flying out to the U.S. this week to supervise progress. Also flying out is a life-sized model of the world's tallest ever man—Robert Wadlow from Alton, Illinois, who reached a height of 8 feet 11.1 inches and died in 1940. As part of the publicity surrounding the opening, the statue, which cost £1,800, will be met by the man billed as the smallest man on earth. That is Mihaly Meszaros, a famous Hungarian circus midget, who, according to the Guinness book, stands 32 inches tall. What the book doesn't say, but the encyclo-



"Trying to cash in on the nostalgia boom!"

paedic mind of Norris McWhirter has retained, is that Meszaros speaks only half a dozen words of English—two of which are Jesus Christ.

Unhealthy

What is your idea of a dangerous job? Coal mining, perhaps, or dodging trains to repair the railway track? According to Charles Margerison and Michael Fordham, being a company director is an extremely hazardous occupation. They put the position in a chillingly direct way: almost one in three members of the Institute of Directors will not live to collect a pension. Margerison and Fordham are assistant directors at Bradford University's Management Centre, and to-day they produce some unpleasant statistics on the physical health in Britain's Boardrooms. "The director,"

they declare, "can be his own worst enemy. He stands by and lets it all happen. Of course, he fights the political battles at work—to get more staff, to secure rewards for his men and himself, to get more resources. But the battle he rarely fights is on behalf of himself."

Their researches show that only a quarter to a third of directors are doing "anything like enough to keep themselves physically fit." On the other hand, about 75 per cent. reckon they are doing enough to keep themselves mentally competent to do their work. A lot of the Bradford pair's findings, published in the latest issue of *The Director*, are of the no-surprise sort (the director's work "usually involves sitting down" and so on) but the conclusions are intriguing. A senior executive can be on his chair for 80 per cent. of the working week, which means physical inactivity for 75 days a year.

One last cautionary tale. Margerison and Fordham say there is a plant belonging to a major British company opened 25 years ago where no first level supervisor has been around to collect a pension. Some moved away, "but a lot didn't have the choice."

Hard to refuse

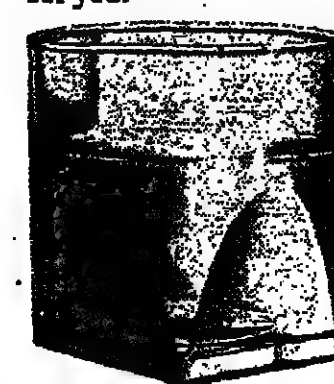
We have all come to regard America as the land of the hard sell, but a small ad. in the *Herald Tribune* puts a new perspective on the concept. It reads: "Divorce in 24 hours. Mutual or contested actions. low cost. Haiti or Dominican Republic. For information send \$3.75 for 24-page booklet/postage/handling." With a bargain offer like that who can afford to stay happily married?

Observer

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مكتبة الأهل

The green pound in your pocket . . .

BETWEEN JANUARY and April, the wholesale price of raw materials purchased by manufacturing industry rose by over 1 per cent. If measured at an annual rate, during the same period the price of products increased by the food industries rose by just under 2 per cent. The big discrepancy is largely due to the behaviour of the "green pound" which governs certain food prices under the Common Agricultural Policy. In contrast to the ordinary pound, the "green pound" has not been devalued since October 1975.

If the green pound had fallen by the full amount of sterling depreciation, wholesale prices of those foodstuffs where EC intervention effectively overrules the price would be 19 per cent. higher, retail food prices perhaps 5 per cent. higher and the retail price index about 1 to 2 per cent. higher. Indeed, the behaviour of the green pound is likely to be at least as much different from the short term behaviour of the rate of the next use of incomes policy, which may not be saying very much.

The basic features of the green pound are in fact simple. It is the mechanics, exceptions, administration and anomalies which provide the nightmares. It is as if we had a normal exchange rate, with one for the great bulk of transactions and another specially high rate for agricultural products. The differential could be maintained by subsidising agricultural imports and putting a levy on farm exports.

In a food-importing country, such as the U.K., the subsidies could exceed the levies. The only difference between the green pound and a straight-

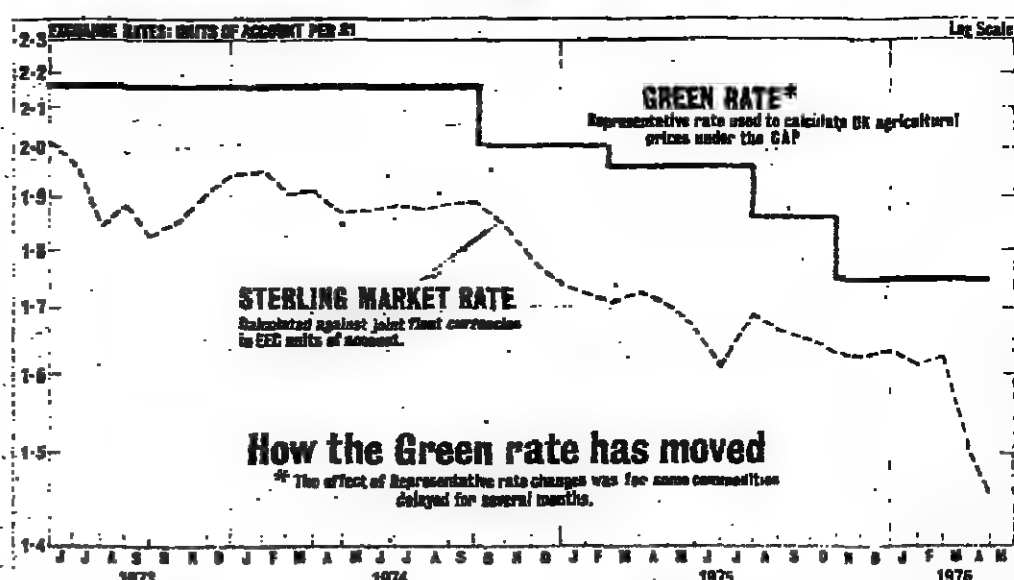
HOW THE SYSTEM WORKS		
British import of 100 kg German skimmed milk		
System applicable		
	June 1973 to May 16 1976	From May 17 1976
Market price in Germany	DM 312.83	DM 312.83
Less German Monetary Compensation Adjustment	DM 22.54	DM 22.54
Less British Monetary Compensation Adjustment	—	DM 46.19
British c.i.f. price in £ (1)	DM 290.29	DM 244.10
British c.i.f. price in £ (2)	£ 61.97	£ 53.11
Less British Monetary Compensation Adjustment	£ 9.86	—
Net landed price in U.K.	£ 52.11	£ 52.11

representative rate. This is in only 290.29 marks. The German exporter therefore received a subsidy of 71 per cent. to bring his receipts up to 312.83 marks. The U.K. representative rate stands at 1.7556 units of account to the pound compared with the market rate of 1.45487.

The mechanics of the green pound are illustrated by the table. It will be best to start with the left-hand side. The example is for skimmed milk, shipped from Germany to the U.K.

The CAP price for 100 kg of skimmed milk was 90.16 units of account on May 11, 1976. A variable sum known as a monetary compensatory amount or MCA, is paid to keep both the market and sterling prices constant despite foreign exchange market fluctuations. The green rate is simply the ordinary exchange rate plus or minus the MCA.

On May 11, 1976, 90.16 units of account were equivalent to



account, different from those used for the CAP. Exchange rates for budgetary purposes are defined by ancient pre-Smithsonian parties. The strong currencies are undervalued for the purpose, and the weaker currencies overvalued. There are 24 budgetary units of account to the pound.

The budgetary unit is used simply as a yardstick for measurement. But because of the anomalous conversion rates, the EEC Farm Budget appears to cost less if more operations are conducted in the strong currencies, although the contribution of each country in its own money remains identical. For this reason the EEC Ministers have decided to switch the MCA subsidies for the U.K. and Italy from the importer to the exporter, as shown on the right hand side of the table, which leads to a fictional saving of nearly £150m. in a full year. The result is the German exporter receives an extra sub-

sidy of £144.19 (shown in the third line of the table), which is used to reduce the import price into the U.K., and the end result is identical. But there is a presentation difficulty. British Ministers will no longer be able to point to £200m. of receipts from the Community for MCA purposes. Instead, CIF import prices will be lower, and the U.K. Intervention Board will no longer have to make payments to British importers.

It would be very superficial to conclude from the figures in this article that the Common Agricultural Policy has, contrary to expectations, turned out to be a source of benefit for Britain. EEC prices are above world market levels. The savings on the food bill through the green pound are just a partial offset against being deprived of the right to buy food in the cheapest market—which is a genuine deprivation, even if only a minor contribu-

tion to the U.K.'s economic problems.

The differential between the green pound and the market exchange rate cannot widen indefinitely. Not only is there pressure from EEC countries which have to meet the bill. Rather more important, British farmers are squeezed between the rising cost of items such as fertilisers, fuel and machinery—which are imported at the normal rate of exchange, or which reflect British internal inflation rates—and selling prices which are determined by the pegged green pound.

On the other hand, the green pound cannot be regarded in isolation. The recent Community farm price increase of 7 per cent., which amounted to 12 per cent. for the U.K. because of the addition of a transitional rise to bring price levels up towards Community levels, provided some offsetting help for the British farmer.

It is widely assumed in London that the green pound will be devalued again after the special TUC conference in June approves the incomes policy; and this is in fact probable. The Treasury is, however, fighting hard for the view that any devaluation must be traded off against some improvement in the CAP.

Enthusiasts of the CAP, such as M. Pierre Lardinois, the retiring Brussels Commissioner, tend to blame "currency chaos" for the Byzantine complexities which they say are threatening to wreck the policy. The policy has an unfortunate habit of surviving; and its real difficulties have nothing to do with floating exchange rates.

The fact is that an exchange rate which suits a member Government for other purposes may not suit it for agriculture. But the underlying problem is real, not monetary. It can easily be shown that if exchange rates had been rigid, and countries had adjusted their balance of payments, entirely through internal price changes, the same difficulties would have arisen. The real problem is that European Governments are simply not prepared to accept the changes in the terms of trade for their own farmers which would arise from unimpeded flow of goods across frontiers. That is why it was so absurd to make common agriculture prices the ark of the EEC Covenant. So far from being the highest success of the Community, agriculture is the major area where members are not yet ready to accept a genuine Common Market, let alone a reasonable and moderate rate of protection against the outside world. As so often, the slogans and the jargon have the opposite meaning to what they bear on the surface.

Letters to the Editor

British Steel needs Cardiff

from the Vice-Chairman, Iron and Steel Institute.

Sir—There are one or two very important points that have to be considered by the Select Committee on Nationalised Industries investigation into British Steel as far as the current investment programme is concerned.

As far as Guest, Keen and Nettlefold's Cardiff requirements are concerned, steel coming from outside which has been found to be out of specification—not uncommon in steelmaking—has been sent back for re-dressing at an export cost of £5 a ton. Some 10 tonnes were recently sent back. The cost of re-dressing is a close customer-producer relationship like that of GKN and BSC. Mr. Moors has yet to be satisfied by BSC and GKN.

The modernisation scheme which was put to BSC for East was put seriously considered by Sir Monty Minto or a decision team because Sir Monty wanted the tonnage of at Moors to make his five large complexes economical: to be more than to produce at 10 per cent. capacity.

panies bursting with company cars. These cars are very rarely used on company business being almost exclusively "house" or "office" vehicles regarded as the individual's personal car. How on earth can the work force equate "company car" with its implied use for the benefit of the company with their knowledge of minor "house" cars and the prices in the market never using the car at any time other than as a personal vehicle.

That the Chancellor has chosen to tax what is nothing more than an expensive perk to the very persons who could afford to buy them is to be applauded. There are many of us who wish him more power to the elbow in eradicating tax dodges that abound. After all, the man with the weekly wage packet is seen to pay his tax and if he wants a car he has to pay for it—after tax.

N. V. Merrick, Blue Pigeons, Wotton, near Deal, Kent.

Fight against inflation

from Mr. G. Schwartz

Sir—In 1974-75 I used 18 per cent. less electricity and paid 21 per cent. more than in 1973-74. Similarly, I used 0.2 per cent. more gas and paid 21 per cent. more for it. I made 28 per cent. fewer telephone calls and paid 8 per cent. more for them. My National Insurance contributions have increased by 31 per cent. I used 0.2 per cent. more potatoes, coffee, etc., just to mention a few. I am glad that the Chancellor tells us that we are beating inflation.

He could have fooled me!

G. Z. Schwartz, 26, Avenue Road, Highgate, N.4.

Business and the Tories

from Mr. G. Young

Sir—Mr. Geoffrey Rippon, Sir Keith Joseph and your editorial of May 10 are right—even at the price of acrimony—to raise the issue of relations between business and the Tory Party. Over the past year Mrs. Thatcher and those who are pleased to call her "Ministers" must have eaten at least a hundred boardroom lunches at which City figures, industrialists and others have tried to extract what exactly will be the practical economic policies of the new Conservative Government.

In spite of all the fine phrases about free enterprise, personal initiative, cutting the public sector, etc., there has been a total refusal to commit herself. Our own group which has links with some sixty constituency associations across England and Scotland receives the same tale from disaffected local businessmen. The same unwillingness to specify a Tory plan for progressive denationalisation of State enterprise, to set out priority public expenditure cuts, to close down the various Nover-Parker bodies which have grown up in the last decade. "You'll have to wait until we're back in office," we are told. And when we say that this no way to win an election, back comes the usual MP's bleat: "But you don't understand. . . . Of course we don't."

A tax on tourists

from Mr. N. Baker

Sir—I cannot allow the letter from John Seakings (May 10) to pass without pointing out that the tourist industry to this country and arguing against the tourist tax to go unchallenged. In particular his suggestion that the problems of annoyance caused by tourists are getting better, not worse, at least as far as London is concerned would be regarded as totally laughable by the residents of Bayswater and Paddington.

It is particularly noticeable this year that following the latest devaluation of the £, the hordes of disrespectful, rude and noisy tourists from Germany, Holland, Scandinavia and America at the cheaper end of the market have increased substantially. The consequential disturbances suffered by residents of this area have correspondingly grown.

But on Mr. Seakings's general point there are substantial grounds for believing that the tourist industry have been grossly over-exaggerated in the past. Residents of inner London have been forced out by the growth of hotels, artificially encouraged by the last Labour Government as a social and environmental cost which may never be measured.

Those actually employed by servicing the tourist industry are particularly in an area of second or third grade hotels such as Bayswater, "serviced" largely from immigrant workers, especially for the purpose so that the benefit to employment in this country from the substantial hotel branch of the tourist industry is marginal at best. Substantial amounts of the profits earned by those working in the

tourist industry are remitted to the immigrant workers' country of origin and families in that country.

Costs in terms of local authority resources are difficult to measure but can only be very substantial indeed. Extra refuse collection, additional road sweeping, extra man-power to enforce fire health and safety, food and restaurant regulations are required. Additional police power and resources are required to deal with the heavy traffic, parking of coaches and policing of streets at night. Extra litter, damage to pavements, lamp standards and trees are only some of the ways in which residents' amenities are reduced and the environment of inner London becomes less tolerable year by year thanks to tourism.

The bland assertions of Mr. Seakings and his ilk who have a vested interest in tourism, are not supported by the experience of residents at any rate in this part of inner London. We do not believe that the true costs and benefits of tourism have ever been properly analysed.

Nicholas Baker, 2, Leinster Square, W.2.

The company

Mr. R. Merrick

Sir—Terry Dodsworth and John Leslie in their excellent "The choice executive" (May 10), failed to mention one aspect of companies which understandably are irritation to the (greater) majority of non-company cars.

While one must agree that the ability of a company car to be used for the business efficiency of the representative and categories of managers of necessity must travel, even increasingly in cars of 1000 cc and small com-

panies bursting with company cars. These cars are very rarely used on company business being almost exclusively "house" or "office" vehicles regarded as the individual's personal car. How on earth can the work force equate "company car" with its implied use for the benefit of the company with their knowledge of minor "house" cars and the prices in the market never using the car at any time other than as a personal vehicle.

That the Chancellor has chosen to tax what is nothing more than an expensive perk to the very persons who could afford to buy them is to be applauded. There are many of us who wish him more power to the elbow in eradicating tax dodges that abound. After all, the man with the weekly wage packet is seen to pay his tax and if he wants a car he has to pay for it—after tax.

N. V. Merrick, Blue Pigeons, Wotton, near Deal, Kent.

- ### To-day's Events
- Result expected of ballot for two vacancies on Parliamentary Labour Party/Government Liaison Committee.
 - Scottish Conservative Party conference, Perth. Replies to debate by Mr. Edward Taylor (Opposition spokesman on Scottish affairs) on education; by Sir Geoffrey Howe (Shadow Chancellor of the Exchequer) on tax; by Mr. Francis Pym (Shadow Agriculture Minister) on agriculture; and by Mr. Alec Buchanan (Smith (Shadow Scottish Secretary) on unemployment in Scotland.
 - Details expected to be published of Equity Capital for Industry project.
 - Islamic Conference of Foreign Ministers, Istanbul.
 - President Tito of Yugoslavia on official visit to Greece.
 - House of Commons Select Committee on Race Relations and Immigration hears evidence from West Indian community, Runnymede Trust and editor of West Indian World.
 - Industrial Society conference: "Europe—Supervisory Boards in Practice," 3, Carlton House Terrace, S.W.1.
 - Association of British Chambers of Commerce annual general meeting, Birmingham. Guests at its annual dinner include Sir Bill, committee.
 - House of Lords: Public Lending Right Bill, third reading. Local Government (Miscellaneous Provisions) Bill, second reading. Endangered Species (Import and Export) Bill, report stage.
 - OFFICIAL STATISTICS: Finished steel consumption and stock changes (first quarter—provisional).
 - COMPANY RESULTS: Lloyds and Scottish (half-year), Philips Lamps Holding (first quarter), Royal Dutch/Shell (first quarter), Royal Insurance (first quarter).
 - COMPANY MEETINGS: See Page 24.
 - SPORT: Golf, Piccadilly Tournament, Fimham Park, Coventry.

Midland Bank will be taking care of business at the Budapest International Spring Trade Fair.



Mr. G. B. Grattan-Guinness, Group Representative in Frankfurt. Midland Bank Group Representative Office, Niedenzau 61-63, D-6000 Frankfurt (Main), West Germany. Tel: 72 57 43.

As we are a participant in European Banks International (EBIC), a group of 7 great independent European Banks, you'd expect us to be there for an event of such importance.

Mr. G. B. Grattan-Guinness, our Group representative from Frankfurt, will be there from May 20th-25th to help ensure your trip is a profitable one. There will also be an EBIC representative on hand for the entire Fair.

If the occasion arises where you think you could use a little friendly, free advice, talk to either of them. They can be contacted at the Fair at EBIC House, Row A, 1st Floor, Office Number 102/103.

And if you have any questions on overseas trading that you'd like answered now, contact Midland Bank's Panel for Overseas Trade Development in London 01-606 9944.

Midland Bank International

Midland Bank Limited, International Division, 60 Gracechurch Street, London EC3P 2EN.

COMPANY NEWS + COMMENT

Folkes Hefo on target at £3.96m.

COMPARED WITH an interim forecast of profits in the region of £3.8m, John Folkes Hefo, the Midlands engineering group, has turned in a pre-tax balance of £3.96m for 1975. This represents an increase of £411,000 on the previous year.

The dividend is raised by the maximum 1.0025p to 1.1019p net with a final of 0.78019p.

Turnover 1975 1974
Trading profit 1,011 1,011
Interest 1,066 1,011
Directors' emoluments 124 146
Auditors' remuneration 124 146
Lower loan interest 124 146
Pre-tax profit 2,469 2,469
Taxation 2,469 2,469
Net profit 1,011 1,011
Unrequited mortgage fees 104 94
On goodwill 432 396
Terminal losses 138 138
Profit dividends 496 496
Forward 1,011 1,011

An analysis of profit before tax and unsecured loan interest shows: Engineering £3,770,000 (£3,770,000), merchandising £387,000 (£387,000), and housing loss £148,000 (£148,000), making £4,009,000 (£3,910,000).

The housing division profit of £53,911 in 1975 has become a loss of £1,900m, at December 31, 1975, to £4,400m, at December 31, 1975.

● comment

A full year pre-tax rise of 11 per cent has left John Folkes Hefo's 1975 profits slightly ahead of the half-time forecast of doubled interim profits. All of the increase has come from a £437,000 reduction in interest charges, as expected at the halfway stage when profits were 33 per cent eased. The growth rates ceased considerably in the second six months. This reflected both a £200,000 property write-off on the housing side and a sudden deterioration in activity on the heavy forging side which had made most of the running in the first half. No further house write-offs are expected and there are now signs that profits have begun to pick up; the group is aiming to increase starts by roughly 30 per cent this year to around 430. The lighter engineering side is also showing signs of increased activity and although the first half of the year is unlikely to show any significant change in group profits, it is looking for a sharper increase in the second half. The debt equity ratio has now been cut to around 82 per cent, against 90 per cent at half-time and with borrowings expected to be trimmed further this year—by perhaps £1m—the NV shares at 32p, yielding 7.8 per cent, are not without support.

Statement, Page 24

Jersey General

Net profit of Jersey General Investment Trust was up from £329,438 to £374,704 for the year ended April 30, 1976.

Final dividend per £1 share is 6p gross, making 10p (9.3p) total. Including the full dollar premium net asset value is 288p (281p).

INDEX TO COMPANY HIGHLIGHTS

COMPANY	Page	Col.	COMPANY	Page	Col.
Allied Irish Banks	24	5	Glynwed	31	1
Aquascutum	24	5	Hewitt (F.) & Son	24	5
British-Borneo Petrol.	22	6	I.C.I.	22	5
British Syphon	22	6	Investors Capital	24	8
BTR	31	1	London Asiatic Rubber	22	5
Central Manufacturing	32	2	MacLellan (P. & W.)	24	6
Coates Group	24	5	Pearson Longman	25	1
Combined Eng. Stores	25	4	Pearson (S.)	25	1
Deritend Stamping	23	3	Smurfit (Jefferson)	24	8
External Trust	31	6	Telephone Rentals	37	9
Fogarty (E.)	31	2	Tozer Kemsley	34	8
Folkes (John) Hefo	22	1	Unilever	32	7
Foster (John)	25	5	United Biscuits	24	7
Friends Provident	31	2	Walker (C. & W.)	24	6

CMT off £0.6m. at midway

FIRST HALF 1975-76 profits of Central Manufacturing and Trading Group show a sharp reduction from £1.56m, to £1.36m, but on present indications believe that the result for the second half will represent a "marked improvement" over the figure for the corresponding period of 1975 when a pre-tax balance of £1.4m was achieved.

The chairman explains that in the first half all the group felt the impact of increasing costs. The national level of economic activity which had begun to decline in the second half of last year continued in the first quarter of 1976 and the lowest point of trading conditions which were intensified by de-stocking and extra holidays.

The second quarter saw improved demand and as a result profitability increased compared with the first quarter. The first six months reflects, therefore, the full impact of the severity of the recession.

Looking to the second half, Mr. Hickman reports that a further improvement has taken place in the third quarter and he anticipates the fourth quarter moving out of the recession more briskly as industrial confidence returns. The group is benefiting from a much improved order intake, especially in steel stockholding and also from the recent rise in the steel price.

Providing the recovery in the U.K. economy takes place and

can be sustained beyond the short term, CMT would expect to be in a position in 1976-77 to take full advantage of capital expenditure undertaken over the past year.

Earnings per 10p share are stated to be down from 5.3p to 3.5p in the first half. The interim dividend is raised from 1.1019p to 1.1019p—the directors expect to recommend a maximum permitted total of 2.3543p for the year, which would compare with 2.1671p.

With less than three months of Central Manufacturing's year to run, the anticipated improvement in the second half, after the 33 per cent pre-tax drop in the first six months is clearly well based. There has been a strong recovery in turnover and in orders in steel stockholding which will also benefit from the recent price increases, while industrial services are also on the upturn; both these divisions were responsible for most of the mid-term profits drop.

No earnings per share of around 9p (10p in 1974-75) may be on the cards which will put the shares at 33p, down 9p, on a prospective price of 3.7 and cover a yield of 7 per cent, 3.8 times.

Statement, Page 35

British Syphon carried on with its development programme which cost £7,000 last year—in spite of a 36.5 per cent fall in trading profits on a sharp downturn in volume sales. The pre-tax figure is 38 per cent, lower after higher interest payments which now account for more than 50 per cent of trading profits.

By reversing the interim decision of no dividend payment the Board is clearly more confident about prospects. The gave a bonus to the shares which rose 3p yesterday to 24p giving a 4 1/2 of 34 and a prospective yield of 8.2 per cent, but on 1975 earnings, the proposed total dividend is uncovered. The current upturn is largely on the drinks dispensing and cooling side which fell last year to 38 per cent, of total profits; actually more than 33 per cent in 1974 as a result of economy measures carried out by the major customers.

new year has commenced satisfactorily. They add: "Earnings are shown to be down from 32p to 22p per 50p share. The dividend total is lifted from 7 1/2p to 8 1/2p net with a final payment of 5 1/2p."

● comment

Deritend probably reached the trough in the second half when pre-tax profits slumped 37 per cent, leaving full-year profits 20 per cent, lower and margins a full two points down at 7 per cent. After losing 280,000 on redundancy costs last year, the group is still working at only 23 per cent, capacity and, although the order book is improving now, any real recovery prospects in the current year will depend on the progress of the national economy. In addition, the group remains to some extent vulnerable to the industrial problems of British Leyland, which accounts for about 20 per cent, of its motor industry orders. A first profits contribution, however, can be expected this year from the new aluminium castings company, which is reportedly already doing well from aerospace and missile industry orders. The dividend is covered three times while the share is 5.8 on the share at 146p. The yield is 8.3 per cent.

British Syphon falls £1 1/2m.

Profits of British Syphon Industries fell sharply from £617,205 to £71,382 in 1975, after being down from £408,514 to £23,373 in the first six months.

In view of more hopeful prospects for 1976 an interim dividend for 1975 is declared of 0.3p per 20p shares together with a final of 0.7671p, to make a maximum permitted total of 1.0671p net, compared with 1.166p.

Chairman Mr. J. M. Anderson says that the long-awaited upturn has begun to materialise and this, together with the demand for the company's new products, is being reflected in current trading.

While unable to predict for the year as a whole, he reports that currently the company is trading at a level which indicates a return to the profitability enjoyed in previous years.

● comment

British Syphon carried on with its development programme which cost £7,000 last year—in spite of a 36.5 per cent fall in trading profits on a sharp downturn in volume sales. The pre-tax figure is 38 per cent, lower after higher interest payments which now account for more than 50 per cent of trading profits.

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DIVIDENDS ANNOUNCED

Company	Current Dividend	Date of Payment	Corresponding Dividend	Total Dividend	Total Dividend for Year
Allied Irish Banks	4.32(a)	July 1	3.88	8.20	8.20
Altifund (Cap.)	0.24	July 22	0.22	0.46	0.46
Altifund (Inv.)	4.15	July 22	4.33	8.48	8.48
Belgrave Assets	0.23	June 28	0.23	0.46	0.46
British-Borneo Petrol.	2.62	July 8	2.8	5.42	5.42
British Syphon	1.0671(b)	July 5	1.1	2.17	2.17
Central Manufacturing Int.	1.19	July 5	1.1	2.29	2.29
C. and W. Walker	1.26	July 13	1.23	2.49	2.49
Deritend Stamping	3.2	July 13	4.8	8.0	8.0
External Trust	1.5	July 2	1.45	2.95	2.95
John Folkes Hefo	0.81	July 14	0.83	1.64	1.64
Chas. Hill Bristol	0.78	Aug. 2	0.83	1.61	1.61
Jersey General Trust	8(a)	June 28	2.6	10.6	10.6
Lon. Asiatic Rubber	0.9	July 5	3.5	4.4	4.4
Merrill Group	1.53	July 21	1.72	3.25	3.25
Messina (Transvaal) Int.	20(c)	July 1	0.29	0.29	0.29
Jefferson Smurfit	1.11	July 5	1.1	2.21	2.21
Transatlantic and Grail	1.5	July 2	1.35	2.85	2.85

Dividends shown pence per share net except where otherwise stated.

(a) Equivalent after allowing for scrip issue. (b) On capital increased by rights and/or acquisition issues. (c) Gross. (d) Comprehensive interim 0.3p and final 0.7671p, payable June 10 and October 1 respectively. (e) South African cents.

ICI first quarter rise to £115m.

WITH THE one-for-eight rights issue to raise £200m, Imperial Chemical Industries reports a continuing recovery in the volume of sales in the first quarter of 1976, and a pre-tax profit increase from £73m to £115m.

Sales were some 25 per cent, higher at £200m, plus to the U.K. £27m, an increase of 22 per cent, and overseas £37m, up by 27 per cent. The I.C.I. value of exports approved from £47m to a record £100m.

The directors warn, however, that increasing costs arising in part from the recent fall in the value of sterling will be felt in subsequent quarters.

In the absence of unforeseen circumstances, they propose to raise the net dividend total from 11.32p to 14.76p on the increased capital. At the same time, this represents an increase of 23 per cent, for which Treasury permission has been obtained—the directors plan to bring the interim and final payments more into balance.

Pre-tax profit for 1975 includes a credit of £29m, from the evaluation of the net current assets of the company's subsidiaries. Of this, £13m was taken into the profits of the third quarter and 16m into those of the fourth quarter. On the basis of the increase in the exchange rate so far this year a similar credit can be expected for 1976, but following previous practice no part of this has been included in

the first quarter. Excluding such exchange gains, the increase in profits in the first quarter of 1976 compared with the fourth quarter of 1975 is therefore £22m.

On a CPP basis the group profits before tax for the first quarter would be reduced by some £50m; this compares with an adjustment of the same amount for the first quarter of 1975 and £24m, for the whole of 1975 for the conditions of inflation which existed then.

The charge for tax in the first quarter of 1976 consisted of £24m, of corporation, £11 overseas and £1m, on principal associated companies, less a credit of £3m, for investment grants.

Statement, Page 31

See Lex

British-Borneo advance

PROFITS before tax of British-Borneo Petroleum Syndicate increased from £565,181 to £589,384 in the year ended March 31, 1976, following the £437,111 against £237,887 for the first six months.

Stated earnings per 10p share have risen from 7p to 8.2p and a net final dividend of 0.82p makes a total of 3.48p compared with 3.04p previously.

Pre-tax profit consisted of dividends and interest on investments £480,361 (£474,827) and net profit on realisation of investments £108,023 (£112,357) and was after administration expenses £33,854 (£38,097), interest on Eurocurrency loans £81,006 (£70,651) and exploration expenses £1,710 (£27,538).

After tax of £212,750 (£180,700) and tax on franked investment income, £108,993 (£100,344) net profits were £321,601 against £313,922.

ISSUE NEWS AND COMMENT

Newcastle Water £4m. pref. offer

Arrangements have been completed for an offer for sale by tender of £4m. of 8 per cent. Redeemable Preference Stock 1981 in Newcastle and Gateshead Water Company at a minimum price of 285 pence.

The stock is payable as to £10 per £100 nominal not later than May 19, with the balance due on or before June 23. Tenders for the stock must be for a minimum of £100, and above that in multiples of £100.

Dividends on the stock will be paid half-yearly on January 3 and July 1 each year with the first payment covering the period from May 19 to December 31, 1976, of £425 per cent, net.

Brokers to the issue are Seymour Pierce and Company.

● comment

Compared with the last few issues, the minimum tender price on Newcastle and Gateshead's offer has been clipped a point to 285 pence, where the grossed-up running and redemption yields are 12.35 and 12.86 per cent, respectively. This move in the price is a reflection of the underwriters' concern over any unexpected rise in sterling which could undermine the market between now and next Wednesday. So the brokers have pitched the offer price to give a little more flexibility should the market turn weak. Nevertheless, to buy a comparable stock in the market now, such as East Worcestershire, would cost 300 pence, and the size of this issue should encourage some institutions to take an interest which would normally leave the smaller offers alone. No written offer market news will appear on June 4, will consider this proposal.

T. CLARKE SCRIP

The directors of electrical contractors, T. Clarke, are proposing a two-for-five scrip issue. The annual meeting on June 4, will consider this proposal.

Unilever sales recovery

AFTER THE annual meeting of Unilever yesterday, chairman Mr. David Orr said sales this year had started well, recovering from the low levels last year. This, he said, was a recovery over Europe due to early start, market news declined to be more specific.

Statement, Page 31

Option fund launched by Tyndall

The Tyndall investment management group is to launch The

American Stock Options Company. This is an open-ended, Bermuda-based investment company denominated in U.S. dollars. For U.K. investors with sterling, a feeder company based in Jersey will shortly be available which will seek a listing in London.

The U.S. brokers to the company are E. F. Hutton, the second largest U.S. brokers, and one of the leading firms operating in American-listed options. The U.K. brokers are Hederwick Stirling Gumbard and Company.

The broad objective of the company is capital appreciation in U.S. securities markets commensurate with a conservative degree of risk. Options will only be used to further this objective. It is anticipated that approximately 75 per cent of the assets will be held in blue chip U.S. stocks. Up to 25 per cent will therefore be available for trading in options. However, a liquidity of 5 per cent will always be maintained.

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Lon. Asiatic Rubber down £1.2m.

TURNOVER for 1975 of London Asiatic Rubber and Produce Company decreased from £13.32m. to £13.72m, and pre-tax profits fell from £6.11m. to £4.9m, after £1.84m. against £2.58m. in the first half.

Earnings are shown to be down from 5.47p to 6.61p per 10p share. The final dividend is 1.8956p net for a 2.2978p (2.1002p) total.

1975 1974
Rubber turnover 4,617,700 7,463,940
Palm oil and kernel 1,706,541 5,115,280
Total 6,324,241 12,579,220
Less: Interest payable 70,125 9,723
Profit before tax 2,523,285 1,668,288
Taxation 714,643 574,472
Extraordinary debt 42,789
Leaving 1,765,853 1,044,093
Interim dividend 125,000 85,745
Proposed final 167,125 117,040
Balance 1,640,728 1,044,093

The directors say that sales were similar despite the depressed market, but profits were reduced due to pressure on margins. "We appear to have reached the bottom of the depression and the

LIT refused 'hammering' compensation

The Stock Exchange has refused to compensate London Intercontinental Trust for money lost following the hammering of Milton Butler Priest in March 1974.

The company had applied for a payment of £173,433 out of a total gross debt of £209,933, but three weeks ago the Stock Exchange turned down the application. As a discretionary fund, LIT must abide by this decision; no reasons for the refusal have been given, although leave to appeal has been granted.

The recovery of this money is a pre-condition of LIT obtaining a quotation of its shares, which have been suspended since the hammering. In addition, the company does not anticipate that any distribution will be made by the liquidators of Milton Butler in the immediate future.

Butler were brokers to a £1m. public issue of LIT shares in 1972 and acted as investment managers.

LIT's pre-tax profits for the half-year to March 31 1976 were £431 (£2,188) and accumulated losses on parent company's investments amounted to £488,313 (£487,030).

Altifund pays more

ALTIFUND is raising the dividends on the Income and Capital shares from 0.23p to 0.27p and from 0.2165p to 0.237p respectively, with goals of 1.75p and 0.2275p net.

Gross revenue for the year ended March 31, 1976 amounted to £253,662 compared with £257,265 while the net taxed figure came to £170,011 (£165,150).

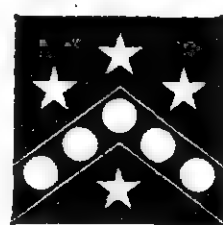
1975-76 1974-75
Gross revenue 253,662 257,265
Less: Income tax 253,662 257,265
Capital tax 253,662 257,265
Net revenue 1,011 1,011
Dividends 167,996 126,984
Forward 343,666 330,281
Total assets 3,412,221 3,779,729
Net asset value per 50p income share 101.10 (£101.2), and 102.5p (113.7p) per 50p capital share.

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هنگام اطلاع

S. Pearson & Son

"I am pleased to report an encouraging improvement in the Group's 1975 profits..."



LORD COWDRAY'S STATEMENT TO SHAREHOLDERS

I am pleased to report an encouraging improvement in the Group's 1975 profits, although there is still a long way to go before we, like most British companies, recover the ground lost in real terms since 1973. We can nevertheless derive some satisfaction from the fact that all our principal companies have managed to cope well with the

recession and most have maintained their investment programmes and controlled their cash very tightly, so that we are now ready and able to take advantage of any improvement in the British economy and in world trade.

Total profits for 1975 were £25,019,000 before tax (1974 £20,427,000). Attributable profits after deducting minority interests and pre-acquisition profits were £18,774,000 (1974 £14,288,000). Earnings were £8,306,000 (1974 £6,424,000) after tax of £10,468,000 (1974 £7,864,000). The taxation provision is at the high rate of 55.8 per cent of profits, due chiefly to losses, notably in an overseas associated company, for which tax relief can only be obtained against future profits of the activities concerned.

We are recommending a final dividend which will increase the total dividends for 1975 to the maximum permitted (5.54223p compared with 5.09122p for 1974).

Of the principal Group companies, Lazard Brothers substantially exceeded its 1974 profit, and although this owed a good deal to a recovery in the value of dealing investments, all the main sectors of the bank's business

moved ahead strongly. Doulton achieved a notable improvement in profits and Pearson Longman, despite severe difficulties in its newspaper businesses, came nearer to its 1974 profit level than had seemed likely at the half year, thanks to excellent results from the three book companies, Longman, Penguin and Ladybird. In North America we decided to make two important new investments which we believe will have a major long term impact both on the direction of our activities there and on their profitability.

The national effort to reduce the rate of inflation at least to the general level of our competitors, and keep it down, must be sustained vigorously. While restrictions on pay and prices were necessary to cope with the inflation of 1975, the problem of working out more stable and lasting methods of dealing with these matters remains. More drastic action may also be required to reduce the enormous Government and payments deficits which have built up over the past five years. I do not believe that import controls would provide a remedy to the latter, and I welcome the Government's resistance to such measures. Certainly this company has based much of its development on the export of goods and services and would suffer severely from trade restraints. We are of course also much affected by the Government's industrial policies. Our managements have had to cope with such a huge increase in legislation and controls, and so many changes of policy, that the time and expense involved has diverted too much effort from productive operations. In addition, the public sector has loaded the rest of the economy with disproportionate cost increases. What would really help us would be action to restore confidence that the private sector will be allowed and encouraged to earn a reasonable return on its investments and thus permit the improvement of the country's productivity and performance.

Having referred particularly to the burdens now placed on our managers, I should like to pay special tribute to their loyalty and resilience. I hope that they may soon be permitted to benefit from the results of their efforts.

My thanks also go to employees throughout the Group who, in whatever capacity, have contributed towards the progress made in 1975 and upon whom our success in the future depends. We are developing our methods of involving employees more fully in discussing the problems and policies of the companies where they work and I am sure this will benefit the Group.

I am reluctant, as in my previous annual statements to you, to attempt a forecast of the current year's results. I can however report that the Group has made an encouraging start in 1976.

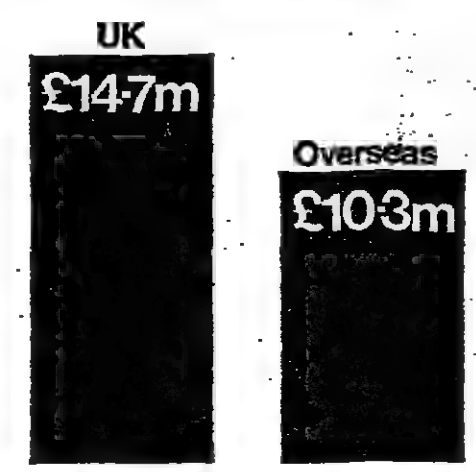
It was with great regret that we had to announce at the end of last October that owing to ill health Lord Poole had relinquished his position as the Group's Chief Executive and his directorships of the Group's subsidiaries. My colleagues have asked me to express their great appreciation for all his past services and I would like to express my own deep gratitude for his unswerving loyalty and dedication ever since he joined the Group in 1948. It is no exaggeration to say that he has been the principal architect of our expansion over the last 25 years. Subject to approval by the shareholders, it is proposed that our subsidiary Whitehall Securities Corporation should make a substantial payment to Lord Poole as compensation for the termination of the holding of his office on account of disability.

Lord Gibson has assumed the duties of Executive Deputy Chairman, and Mr. J. P. Medd, Chairman and Managing Director of Doulton & Co., has joined the board. The Hon. M. J. Hare has also taken up full time executive duties at the Group's Head Office.

The Year's Results

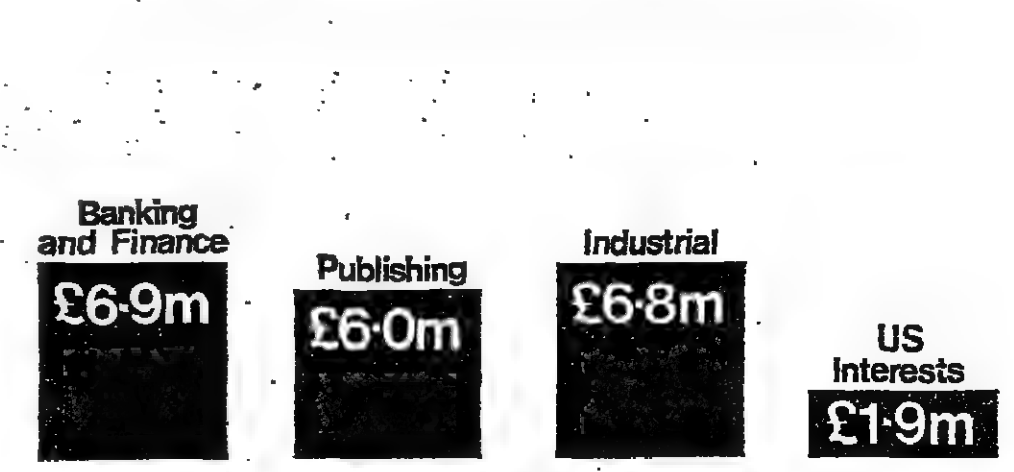
Group profit before taxation	£25,019,000
Less minority interests and pre-acquisition profits	6,245,000
Attributable profit before taxation	18,774,000
Less taxation	10,468,000
Net surplus including £3,658,000 extraordinary items	11,964,000
Preference dividend	17,000
Ordinary dividend	3,777,000
Surplus retained including £3,040,000 to capital reserve	£8,170,000

Pre-Tax Profits UK and Overseas*



*Before deducting minority interests.

Pre-Tax Profits from principal activities*



*After deducting minority interests but before Head Office charges.

Group Interests

The Pearson organisation comprises four main divisions employing about thirty thousand people with capital employed in excess of £200m.

- BANKING AND FINANCE Lazard Brothers & Co., Bain Dawes.
- PUBLISHING Pearson Longman Group: Financial Times, Westminster Press, Longman, Penguin, Viking Penguin, Ladybird.
- INDUSTRIAL Doulton Group: Royal Doulton Tableware, Doulton Engineering, Doulton Glass Industries.
- OVERSEAS INTERESTS Ashland Oil (U.S.A.), Camco (U.S.A.), Château Latour (France).

These are some of the products and services of Pearson.

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Copies of the Report and Accounts may be obtained from Lloyds Bank Registrar's Department, Goring-by-Sea, Worthing, West Sussex, BN12 6DA.

Lloyds Bank Group now in Düsseldorf

Lloyds Bank International are pleased to announce the opening of their branch in Düsseldorf.

LBi is already established in Frankfurt, and the new branch in Düsseldorf is an addition to Lloyds Bank International's strong presence in Western Europe and will further improve the Bank's ability to provide a comprehensive range of financial services to companies and organisations who wish to conduct business in the Federal Republic of Germany.

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LBi, the Bank of London & South America and their subsidiaries have offices in: Argentina, Australia, Bahamas, Belgium, Brazil, Canada, Cayman Islands, Colombia, Costa Rica, Ecuador, Egypt, El Salvador, France, Federal Republic of Germany, Guatemala, Guernsey, Honduras, Hong Kong, Iran, Japan, Jersey, Lebanon, Malaysia, Mexico, Monaco, Netherlands, New Zealand, Nicaragua, Panama, Paraguay, Peru, Philippines, Portugal, Singapore, Spain, Switzerland, United Kingdom, U.S.A., U.S.S.R., Uruguay, Venezuela.

Allied Irish Banks up £1.4m. at £16.4m.

AFTER A special provision against advances of £1.4m, against £1.4m, Allied Irish Banks rose from £15.0m. in the year to March 31, 1976. At half-way the increase was from £6.71m. to £7.5m.

Tax, minorities, and extraordinary items, less a transfer from share premium account in respect of loan stock issue expenses, leave the attributable balance up from £7.5m. to £8.9m.

Basic earnings are shown to be up from 17.5p to 19.5p and fully diluted to 18.1p. The final dividend is 4.5p gross per 25p share for 1975, against 4.5p, total.

Total year-end group assets of £1.45bn. compared with £1.22bn. include current, deposit and other accounts of £1.37bn. (£1.45bn.). Advances to customers and other accounts less provisions came to £585.77m. against £499.67m.

opportunity to expand, the chairman continues to be confident of the future.

Earnings before tax increased from £1.08m. to £1.19m. in the year ended January 31, 1976. The chairman says that the success of the Aquascutum and Rodex products abroad provided the main part of the group's earnings and made it possible to show continued progress despite the combination of inflation and recession which has so severely hit the clothing industry here.

Cash flow has improved during the year and bank overdrafts have fallen for the third successive year. Year-end group overdrafts stood at £59,000 (£77,000).

Meeting: 100, Regent Street, W. June 3 at 12.30 p.m.

C. Walker exceeds forecast

AFTER BANK and other interest charges down from £100,553 to £44,157, taxable profit of C. and W. Walker Holdings, gas, chemical and construction engineers, more than doubled from £153,508 to £367,092 in the year to January 31, 1976.

This is in excess of the £370,000 forecast by the directors when reporting first half profits up from £60,000 to £135,000.

They also predicted the maximum permitted dividend, which turns out to be 2.55p net (2.55p), with a final of 1.52p. Stated earnings per 25p share are 19.2p (9.6p).

The directors report that direct and indirect exports have improved and now approach 30 per cent of total sales—a "further improvement" in 1976 profits is expected.

Aquascutum sales ahead so far

IN THE current year to date turnover of Aquascutum and Associated Companies is up, but with inflation still running well ahead of other countries, the chairman, Mr. G. M. Abrams says that it is impossible to forecast the trend of the economy which has such an important bearing on home trade and the margins that can be achieved.

However, the strength of the group in its selling its products in the key international markets and since there are the resources, the management and drive to seek out and take advantage of every

Chas. Hill turns in £381,755

SECOND-HALF profits of Charles Hill of Bristol increased to £234,755, bringing the total for the year 1975 up to £381,755, compared with a loss of £133,755 for the previous year.

Earnings per £1 share are stated at 20.5p (14.4p loss) before extraordinary items and at 0.16p (14.4p loss) after those items. The dividend is restored to 4p net, with a final of 2p. In 1974 it was cut from 4.11p to 2.6p.

Geographically turnover was split as to (in per cent):—E.E.C. 37.1; Australasia 17.9; North America 13.5; South America 13.5; other areas including non-E.E.C. Europe 8.2; Africa and Middle East 8.7.

In the year extraordinary losses were incurred from the planned disposal of certain investments, the future of which had become questionable.

There was a net increase in short-term borrowings of £10,150, (£30,000). Loans and overdrafts at the year end stood at £51,010, (£20,380).

The market value of group property is estimated to be 33m. over book value.

Statement, Page 26

Exceptional start for Utd. Biscuits

At the AGM of United Biscuits, Mr. Hector Laing, the chairman, said that 1976 had started exceptionally well and the first quarter's profit was substantially higher.

A significant sales volume increase in the U.K. was partly due to downstocking by the retail trade last year. Trading in the U.K. was also buoyant, with considerable volume increases. Losses in Spain had been reduced significantly.

Higher costs may cause increased prices later in the year, but Mr. Laing was confident of a very satisfactory year's trading.

Tozer Kemsley confident

ALTHOUGH MINDFUL of many problems ahead, Mr. R. A. Tozer, chairman of Tozer Kemsley and Millbourn (Holdings), believes that the group is poised for a bright future. "The first quarter has produced 'outstandingly good' results," he reports.

As reported April 28 group pre-tax profit increased from £2.9m. to £3.47m. in the year 1975. An analysis of turnover—£52m.—and operating profit—£4.06m.—shows (100% omitted)—financial international trade £174 and £282; property management and finance £2,000 and £1,024; forest products agencies £172,000 and £785; merchant banking hire purchase £9,000 and £372; automotive concessions £42,000 and £1,430; associates and other activities £58,000 and £12 loss; less central costs £265.

Geographically turnover was split as to (in per cent):—E.E.C. 37.1; Australasia 17.9; North America 13.5; South America 13.5; other areas including non-E.E.C. Europe 8.2; Africa and Middle East 8.7.

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The market value of group property is estimated to be 33m. over book value.

Statement, Page 26

Jefferson Smurfit pays more

A final dividend of 7p by Jefferson Smurfit, the Dublin-based paper, printing and distribution group, will be paid from 10p to 11p gross for the year ended January 31, 1976, in addition a one-for-three scrip issue is proposed.

The audited accounts for 1975, showing pre-tax profits of £6.04m. against £8.07m. are in line with the preliminary results issued in February with the exception of the tax charge which is reduced by £2.5m. This reflects subsequent legislation and additional relief.

Chairman Mr. J. J. Smurfit reports that the current year has started well, with both sales and profits are considerably better than during the same early period of 1975.

Time Industries' net tax profits for the first quarter show an increase of 71 per cent over 1975. Nigeria is well ahead for the first quarter and the rest of the year looks very promising there. The final group outcome should be a most successful year, the chairman adds.

DORADA RISE

Mr. Thomas Kenny, chairman of Dorada Holdings, told the AGM that group profitability for the first quarter year was "hand-somely ahead" of the same period last year.

"We set targets in excess of the profit for 1975, and we are ahead of those."

Market outlook at Coates

The home market outlook for 1976 at Coates Brothers and Company is much better than a year ago, states Mr. J. B. M. Coates, chairman. In addition prospects have been enhanced by several technological improvements.

In overseas territories the prospects vary considerably, but overall he sees some improvement in aggregate profitability, although less marked than in the home market.

Overseas policy now is to consider each territory as an entity in itself and to limit investment to that which can be financed locally or by borrowing from internal sources. Mr. Coates says this will ultimately curtail expansion in many areas without Government support.

At home, the investment policy for 1976 is directed to improving plant, machinery and equipment, and making the minimum commitment for building extensions. With the improvement in liquidity, the directors intend to increase investment commitments, more particularly in the U.K. during 1976 and the first part of 1977.

As known, turnover for 1975 was up from £33.22m. to £55.98m. and pre-tax profit was £5.3m. compared with £3.98m. Dividends are up from 1.732p to 1.822p net.

Mr. Coates explains that the steep fall in demand occasioned by destocking was exhausted progressively from July onwards, but orders in the home market were still erratic until the turn of the year when a more consistent pattern of demand established itself.

Export demand has been better, especially in the end of the year, but even at the end of the year demand from the overseas companies was still weak, partly as a result of destocking and partly due to varying local circumstances.

The accounts show an amount of £13,000 paid as compensation to a director for loss of office.

The company makes printing inks and supplies for the printing industry, and synthetic resins and other industrial surface coatings.

Meeting: Easton Street, W.C. June 4, 2 p.m.

Aberthaw Cement

Deliveries of cement from Aberthaw and Bristol Channel Portland Cement Company for 1976 should slightly exceed those of last year, states the chairman Sir Maxrad Jenour.

First quarter deliveries are similar to those of 1975 but there are a number of new sectors to be taken in South Wales all of which are being supplied with cement by the company.

With the commissioning of new extensions, spare capacity now exists and the opportunity is being taken to carry out a major overhaul of certain other plant, with a view to improving output and fuel consumption. On completion of this work, the company will be operating more efficiently and will be able to take advantage of any upturn in demand if it comes, says Sir Maxrad.

As reported on April 9, pre-tax profits jumped from £1.08m. to £1.19m. in 1975. The dividend is 3.5p (3p) net.

Inflation adjusted accounts show pre-tax profits of £91,000, against £90,000, on a current cost basis. Earnings are shown at 11.8p (7.1p) compared with 20.4p (13.0p) historical. Associated Portland Cement held 26 per cent of the equity on April 10. Meeting: Cardiff on June 4 at 12.30p.m.

F. Hewitt downturn

Newspaper proprietors, F. Hewitt and Son (1927) reports profits down from £1.72m. to £1.57m. in 1975 on turnover of £5,077m. against £5,424m.

Tax takes £216,271 (£162,271) and dividends absorb £770,475 (£800,475). The ultimate holding company is the Daily Mail and General Trust.

To-day's Company Meetings

Barton and Sons, Sutton Coldfield, 12.30. Bibby (J.), Liverpool 3. Britvic-Trent, 3. Gardner (L.), Manchester, 2.30. Gibbons Dudley, Birmingham, 12.15. Glenlivet Distillers, Edinburgh, 12. Greenbank Trust, Liverpool, 3. Harris and Sheldon, Meriden, Warwickshire, 3. Johnson Group, Cleveleys, Bootle, Merseyside, 2. Molins, 2. Evelyn Street, S.E. 11. Royal Insurance, Liverpool, 12. Shell Transport, Shell Centre, S.E. 11. Spong and Co., Basildon, 11.30. Williams and James, Gloucester, 12. Wimpey (George), Royal Garden Hotel, W. 12.

Second half loss at MacLellan

After a drop in pre-tax profits from £128,727 to £81,950 in the first six months, a second half loss at P. and W. MacLellan has left the surplus down from £207,355 to £88,157.

Profits were struck after depreciation of £77,125 against £70,170 but before non-recurring costs of £18,802.

There is no tax charge but a sum of £18,747 (£29,648) has been transferred to deferred tax leaving net profits of £32,008 (£73,157).

The dividend total is held at 13p net per 20p share with an unchanged final of 0.8p.

The group operates as engineers, iron and steel merchants, and paint manufacturers.

Investors Capital

Under arrangements for a reciprocal sterling/dollar loan

FIRST SECURITY CAPITAL AND INCOME FUND N.V.

(Established in Curacao, Netherlands Antilles)

Participating Cumulative Preference Shares

DIVIDEND NOTICE

Designated Coupons No. 7

The Annual General Meeting of Shareholders has this day declared a cumulative preferential dividend of US\$ 10.00 per Participating Cumulative Preference Share for the fiscal year ended December 31, 1975, payable on May 14, 1976.

Preference Shareholders will receive payment of such dividends in U.S. Dollars as follows:

1. In the case of holders of registered certificates, a check in the amount of US\$ 10.00 will be mailed by First National City Bank, Brussels, on May 13, 1976 to the holders of record on May 12, 1976;

2. In the case of holders of bearer certificates, payment in the amount of US\$ 10.00 will be against presentation of Coupon No. 7 on or after May 14, 1976 to First National City Bank (Corporate Agency Department), 111 Wall Street, New York, N.Y. or to the main office of First National City Bank in Brussels: Banque de Paris et des Pays-Bas pour le Grand Duché de Luxembourg, Luxembourg.

First Security Capital and Income Fund N.V. Caribbean Management Company Managing Director

Curacao May 12, 1976

John Folkes Hefo

MIDLANDS ENGINEERING GROUP

Group External Sales

Pre-Tax Profit before Loan Stock Interest and Taxation

Cost of Dividends (after waivers)

Times Covered

PROFITS OVER £4 MILLION BORROWINGS REDUCED BY OVER £3.4 MILLION

A Final Dividend of 0.78019p per share has been recommended payable on 2nd August 1976 to Ordinary and Non-Voting Ordinary Shareholders registered at the close of business on 2nd July 1976. The total dividends for 1975 will be 1.11019p per share compared with 1.01827p per share for 1974.

MIM HOLDINGS LIMITED

3rd progress report

40 Weeks ended April 11, 1976.

	40 weeks to 11/4/76	40 weeks to 30/3/75	18 weeks to 11/4/76	18 weeks to 30/3/75
EARNINGS				
The unaudited net earnings for the first 40 weeks of 1975/76	31,393	88,387	8,643	25,205
Provision for income tax	10,798	32,858	2,891	8,719
Minority interest deducted in net earnings	8,821	8,058	3,723	3,724
Realised exchange gains included in above figures	79	195	NIL	NIL
Minority interest deducted in arriving at net earnings	225	2	(2)	NIL
Revenue—other	209,409	255,084	84,343	96,634
Cost of sales	174,321	171,867	72,856	72,757
Provision for depreciation	18,570	16,147	7,475	6,463
Interest paid	7,134	1,414	3,437	526
SALES				
Copper—tonnes sold	114,038	126,008	47,531	54,969
Av. price \$A/tonne—wirebar	955	1,021	980	943
Lead—tonnes sold	103,074	85,636	40,997	34,165
Av. price \$A/tonne	278	402	279	407
Zinc—tonnes sold	44,259	85,819	9,037	25,841
Av. price \$A/tonne	616	602	635	634
Silver—kilograms sold	244,851	259,305	110,319	111,653
Av. price \$A/kilogram	109	104	104	104
PRODUCTION				
Copper ore treated tonnes	5,312,356	3,801,951	1,293,080	1,285,171
Lead ore treated tonnes	1,825,689	1,861,063	713,138	750,262
Total ore treated tonnes	5,138,045	5,663,014	2,006,218	2,035,433
Blister copper produced tonnes	116,280	118,410	45,720	44,580
Crude lead produced tonnes	101,890	95,890	41,960	38,510
Zinc concentrate produced tonnes	167,507	160,355	64,591	66,185
Silver in products kilograms	269,582	250,863	114,127	107,755

RECENT EVENTS

The high cost escalation of wages and materials outlined by the Chairman in his address to the Annual General Meeting in November have continued. The direct effects of these increases, which are beyond the control of the Company, have been offset to a substantial extent in the past quarter by deferring activities not essential to production in the very short term. Such actions, however, cannot be sustained for long and eventually there will be an inevitable and significant increase in costs.

OUTLOOK

Since the end of the period reported, prices of copper and lead have increased sharply. There has also been some increase in silver prices. However, in view of the fact that costs in Australia are on average at least 50 per cent higher than three years ago because of inflation, current prices are still not satisfactory.

Although the recent price movements are encouraging it remains to be seen to what extent these reflect a widespread and sustained recovery in worldwide economic activity and to what extent they result from stockpiling or from buying of commodities as a currency hedge. Sustained improvement over the long term can only come from a major revival of consumption.

R.B. BYERS, SECRETARY.

For the latest 18 weeks there was a small increase in copper price compared with the previous corresponding period, but lead prices were sharply lower. Sales volumes of copper and lead were in line with production; copper sales in the 18 week period of last year were higher than production due to realization of some accumulated stocks.

The abnormally low volume of zinc sales since December 1975 reflected the generally depressed market for zinc. Deliveries at the beginning of calendar 1976 were quite small in conformity with customer requirements.

PRODUCTION

A 1.8 per cent reduction in

مكتبة الأصيل

Encouraging start by S. Pearson

"AN ENCOURAGING start has been made to the current year by Sir Pearson and his colleagues in the Bank of England. In their position to take advantage of any improvement in the British economy and in world trade, states chairman Viscount Crowsley.

Referring to 1975—when profits are expected to be recovered from £20,450, to £23,000—he says that the profit increase was encouraging but feels that the group has a long way to go before it recovers the ground lost in real terms since 1973. All the principal companies have coped well with the recession and most have maintained their investment programmes and controlled their cash very tightly.

In North America the group made two important new investments in Viking Penguin and Camco. The chairman believes that these will have a major long-term effect both on the direction of activities there and on their profitability.

On the subject of import controls Lord Cowdry says he welcomes the government's resistance to such measures. "Certainly this company has based much of its development on the export of goods and services and would suffer severely from trade restraints."

In their review the directors, referring to Lazard Brothers and Co., report that in 1975 it has been possible to write back substantial provisions on dealing in investments made in previous years. The banking division increased its business despite slack demand for loans, particularly from U.K. clients.

The quality of the loan portfolio, including loans to Scandinavian shipping companies, has enabled the bank to avoid most of the problems which have recently affected the banking world. Deposit and foreign exchange dealings concerned most banks and the directors state: "The current year has made a 'promising start'".

CES strong and optimistic

IN HIS annual statement, the chairman of Combined English Stores Group, Mr. Murray Gordon, has told the company's shareholders that the conditions are likely to remain difficult for some months to come, but he is optimistic that there will then be an improvement and that by Christmas the most important time for most of the group, the improvement will be considerable.

shares from Mr. Gordon's own holding. Mr. Gordon retains 660,000 CES shares.

The accounts show that the chairman and other directors waived emoluments totalling £28,705.

Meeting, the Dorchester, W, on June 9 at noon.

John Foster in profit

SPINNERS and weavers, John Foster and Son has 'recovered' from a first-half loss of £275,562 and finished the year to February 27, 1976 with pre-tax profits of £93,636 compared with £498,572 previously. Turnover amounted to £9.7m. against £11.92m.

is 1289pp per 21pp share, making \$239,900 for the 21pp share.

The course of the year \$2.01m. was spent on additions to fixed assets mainly representing the purchase of premises and fixtures and fittings. The unit for ladies' fashion accessories and menwear divisions.

Handbags and fashion accessories—produced record sales and profits. A further 13 shops were added in the chain, leaving 112.

Collingwood the County Jewellers had a good year, adding 10 shops to the chain, and J. Fenton produced a highly satisfactory profit in a difficult year for the men's wear trade. A further 12 shops were opened, bringing the total to 167 units.

Since the report was prepared, CES has announced that Mr. R. W. Rowland, chairman of the Board of Lorchs have joined the Board, with Mr. Rowland becoming deputy chairman, following the purchase by Lorchs of \$80,000.

In their interim report, the directors said the last financial year (\$247,007 profit) reflected a downturn in activity and acute pressure on margins. They anticipated that the year ahead would show an improvement on the first six months and produce a modest profit.

Stated earnings per 25th share are 0.5p (2d) This dividend is a single £8125p—there was no interim. The previous total was 2.8887p and included a final of 2.1212p.

The year's figures include depreciation allowance of \$241,748 (\$232,620).

	1975-76	1976-77
Turnover	7,719,184	11,515,820
Operating profit	23,836	10,000
Profit before tax	93,836	46,572
Tax	22,000	39,215
Minority interest	1,000	1,000
Excessed, debits	4,243	—
Attributable	68,297	21,441

Pearson Longman outlook

LORD GIBSON, chairman of Pearson Longman, reports that "the group has made a 'fair start.'"

The results from the newspaper companies are still inadequate but here have been some signs of recovery in advertising. The book publishing business remains stagnant and given reasonably stable conditions in their markets overseas they should have a good year, the chairman states.

On the subject of the freedom of the press, the group stresses that this can only be guaranteed by the existence of a diversity of newspapers and the independence and authority of individual editors. The group stresses that the "charter or no charter" question is determined to maintain a policy of editors having full authority over the contents of

In 1978, the company's net profits were lower at \$9.8m, compared with £11.5m, on a turnover of £108.6m, (\$27.7m.). The chairman's explanation that the year was "a rather lean year" while newspaper companies and most of the associates suffered from a lower volume of advertising and lower circulation figures was not wholly offset by the raising of advertising rates and selling authority over the contents of the newspapers, for which they could command a premium.

In their review the directors state that the Financial Times group's profit reduction was "the result of a variety of factors from some of its associates and more seriously from a sharp profit decline in the newspaper itself where the figure was only £1.5m, the lowest for some years."

of advertising rates and selling prices.

Referring to the Financial Times proposed development plans, the chairman said the financial other newspapers have followed suit, negotiations of the FT plan have been delayed by discussions on a national basis. He feels it is important that the FT returns very soon detailed estimates on the way in which they intend to implement it can proceed.

Although the "calamitous fall" in profits from local newspapers over the past two years has meant that funds for capital investment have been scarce it is intended to move ahead steadily with a long-term programme of modernisation.

This was due to a shortfall in advertising revenue and some loss of circulation coupled with sharp higher costs, particularly from the public sector.

The results of Westminster Press were adversely affected by a general trade recession and the continuing increase in costs which had been anticipated.

In addition there was a loss of £4m. of revenue from an industrial dispute and an exceptional loss from a new venture at Beckenham, Kent.

Here a special provision of £300,000 was required to cover possible losses from a new venture in transfer printing for textiles.

In the Arab world Longman

RECENT ISSUES

EQUITIES

Issue Price, per share	Amount Paid, per share	Dividend Yield, per cent	1978		Stock	Dividend Payout, per cent	P/E Ratio	Dividend Growth, per cent	Dividend Yield, per cent	Dividend Payout, per cent	Dividend Yield, per cent	Dividend Payout, per cent
			High	Low								
14.00	F.P. 14.00	—	255 1/4	251 1/4	Berry Products-P.F. 0.651	255 1/4	—	—	—	—	—	—
22.00	F.P. 22.00	—	212 1/2	205 1/2	President John Deere	212 1/2	—	—	—	—	—	—
21.00	F.P. 21.00	—	217 1/2	214 1/2	H.C. Inc.	217 1/2	—	—	—	—	—	—

FIXED-INTEREST STOCKS

Year		Price	Unit	1976	Low	High	Unit	Price
1970	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
1971	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
1972	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
1973	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
1974	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
1975	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
1976	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
1977	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
1978	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
1979	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
1980	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
1981	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
1982	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
1983	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
1984	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
1985	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
1986	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
1987	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
1988	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
1989	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
1990	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
1991	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
1992	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
1993	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
1994	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
1995	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
1996	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
1997	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
1998	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
1999	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
2000	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
2001	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
2002	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
2003	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
2004	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
2005	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
2006	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
2007	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
2008	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
2009	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
2010	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
2011	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
2012	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
2013	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
2014	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
2015	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
2016	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
2017	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
2018	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
2019	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
2020	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
2021	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00
2022	1.00	100	1.00	1.00	1.00	1.00	1.00	1.00

"RIGHTS" OFFERS

WED- NESDAY	FRIED EGGS	Lard Bacon	1975		Stock	Crown Price
			High	Low		
97	P.P.	50-4	123	10	B.I.C.C.	123
98	P.P.	—	40	33	Bank of Ireland	39 1/2
99	P.P.	—	40	33	Bank of Ireland	39 1/2
100	P.P.	—	40	33	Bank of Ireland	39 1/2
101	P.P.	—	40	33	Bank of Ireland	39 1/2
102	P.P.	—	40	33	Bank of Ireland	39 1/2
103	P.P.	—	40	33	Bank of Ireland	39 1/2
104	P.P.	—	40	33	Bank of Ireland	39 1/2
105	P.P.	—	40	33	Bank of Ireland	39 1/2
106	P.P.	—	40	33	Bank of Ireland	39 1/2
107	P.P.	—	40	33	Bank of Ireland	39 1/2
108	P.P.	—	40	33	Bank of Ireland	39 1/2
109	P.P.	—	40	33	Bank of Ireland	39 1/2
110	P.P.	—	40	33	Bank of Ireland	39 1/2
111	P.P.	—	40	33	Bank of Ireland	39 1/2
112	P.P.	—	40	33	Bank of Ireland	39 1/2
113	P.P.	—	40	33	Bank of Ireland	39 1/2
114	P.P.	—	40	33	Bank of Ireland	39 1/2
115	P.P.	—	40	33	Bank of Ireland	39 1/2
116	P.P.	—	40	33	Bank of Ireland	39 1/2
117	P.P.	—	40	33	Bank of Ireland	39 1/2
118	P.P.	—	40	33	Bank of Ireland	39 1/2
119	P.P.	—	40	33	Bank of Ireland	39 1/2
120	P.P.	—	40	33	Bank of Ireland	39 1/2
121	P.P.	—	40	33	Bank of Ireland	39 1/2
122	P.P.	—	40	33	Bank of Ireland	39 1/2
123	P.P.	—	40	33	Bank of Ireland	39 1/2
124	P.P.	—	40	33	Bank of Ireland	39 1/2
125	P.P.	—	40	33	Bank of Ireland	39 1/2
126	P.P.	—	40	33	Bank of Ireland	39 1/2
127	P.P.	—	40	33	Bank of Ireland	39 1/2
128	P.P.	—	40	33	Bank of Ireland	39 1/2
129	P.P.	—	40	33	Bank of Ireland	39 1/2
130	P.P.	—	40	33	Bank of Ireland	39 1/2
131	P.P.	—	40	33	Bank of Ireland	39 1/2
132	P.P.	—	40	33	Bank of Ireland	39 1/2
133	P.P.	—	40	33	Bank of Ireland	39 1/2
134	P.P.	—	40	33	Bank of Ireland	39 1/2
135	P.P.	—	40	33	Bank of Ireland	39 1/2
136	P.P.	—	40	33	Bank of Ireland	39 1/2
137	P.P.	—	40	33	Bank of Ireland	39 1/2
138	P.P.	—	40	33	Bank of Ireland	39 1/2
139	P.P.	—	40	33	Bank of Ireland	39 1/2
140	P.P.	—	40	33	Bank of Ireland	39 1/2
141	P.P.	—	40	33	Bank of Ireland	39 1/2
142	P.P.	—	40	33	Bank of Ireland	39 1/2
143	P.P.	—	40	33	Bank of Ireland	39 1/2
144	P.P.	—	40	33	Bank of Ireland	39 1/2
145	P.P.	—	40	33	Bank of Ireland	39 1/2
146	P.P.	—	40	33	Bank of Ireland	39 1/2
147	P.P.	—	40	33	Bank of Ireland	39 1/2
148	P.P.	—	40	33	Bank of Ireland	39 1/2
149	P.P.	—	40	33	Bank of Ireland	39 1/2
150	P.P.	—	40	33	Bank of Ireland	39 1/2
151	P.P.	—	40	33	Bank of Ireland	39 1/2
152	P.P.	—	40	33	Bank of Ireland	39 1/2
153	P.P.	—	40	33	Bank of Ireland	39 1/2
154	P.P.	—	40	33	Bank of Ireland	39 1/2
155	P.P.	—	40	33	Bank of Ireland	39 1/2
156	P.P.	—	40	33	Bank of Ireland	39 1/2
157	P.P.	—	40	33	Bank of Ireland	39 1/2
158	P.P.	—	40	33	Bank of Ireland	39 1/2
159	P.P.	—	40	33	Bank of Ireland	39 1/2
160	P.P.	—	40	33	Bank of Ireland	39 1/2
161	P.P.	—	40	33	Bank of Ireland	39 1/2
162	P.P.	—	40	33	Bank of Ireland	39 1/2
163	P.P.	—	40	33	Bank of Ireland	39 1/2
164	P.P.	—	40	33	Bank of Ireland	39 1/2
165	P.P.	—	40	33	Bank of Ireland	39 1/2
166	P.P.	—	40	33	Bank of Ireland	39 1/2
167	P.P.	—	40	33	Bank of Ireland	39 1/2
168	P.P.	—	40	33	Bank of Ireland	39 1/2
169	P.P.	—	40	33	Bank of Ireland	39 1/2
170	P.P.	—	40	33	Bank of Ireland	39 1/2
171	P.P.	—	40	33	Bank of Ireland	39 1/2
172	P.P.	—	40	33	Bank of Ireland	39 1/2
173	P.P.	—	40	33	Bank of Ireland	39 1/2
174	P.P.	—	40	33	Bank of Ireland	39 1/2
175	P.P.	—	40	33	Bank of Ireland	39 1/2
176	P.P.	—	40	33	Bank of Ireland	39 1/2
177	P.P.	—	40	33	Bank of Ireland	39 1/2
178	P.P.	—	40	33	Bank of Ireland	39 1/2
179	P.P.	—	40	33	Bank of Ireland	39 1/2
180	P.P.	—	40	33	Bank of Ireland	39 1/2
181	P.P.	—	40	33	Bank of Ireland	39 1/2
182	P.P.	—	40	33	Bank of Ireland	39 1/2
183	P.P.	—	40	33	Bank of Ireland	39 1/2
184	P.P.	—	40	33	Bank of Ireland	39 1/2
185	P.P.	—	40	33	Bank of Ireland	39 1/2
186	P.P.	—	40	33	Bank of Ireland	39 1/2
187	P.P.	—	40	33	Bank of Ireland	39 1/2
188	P.P.	—	40	33	Bank of Ireland	39 1/2
189	P.P.	—	40	33	Bank of Ireland	39 1/2
190	P.P.	—	40	33	Bank of Ireland	39 1/2
191	P.P.	—	40	33	Bank of Ireland	39 1/2
192	P.P.	—	40	33	Bank of Ireland	39 1/2
193	P.P.	—	40	33	Bank of Ireland	39 1/2
194	P.P.	—	40	33	Bank of Ireland	39 1/2
195	P.P.	—	40	33	Bank of Ireland	39 1/2
196	P.P.	—	40	33	Bank of Ireland	39 1/2
197	P.P.	—	40	33	Bank of Ireland	39 1/2
198	P.P.	—	40	33	Bank of Ireland	39 1/2
199	P.P.	—	40	33	Bank of Ireland	39 1/2
200	P.P.	—	40	33	Bank of Ireland	39 1/2

Midland Bank Limited

**U.S. \$50,000,000 Floating Rate
Capital Notes 1982**

For the six months
May 12, 1976 to November 12, 1976
the Notes will carry an
interest rate of 8 per cent. per annum.

The Notes are listed on The Stock Exchange in London.

Principal Paying Agent:
European-American Bank & Trust Company.
10 Hanover Square, New York, NY 10005, USA

Saab 99GL Combi Coupé. The luxury saloon that lets you live life to the full.



Two-litre power and classic coupé styling, comfort for five - or a massive 53 cu.ft. of luggage space.



The remarkable Saab 99GL Combi Coupé. Sprints to 60 in just over 11 seconds, cruises effortlessly, corners beautifully.

Caravan Club members rated the 99 saloon as an ideal towing car.* The 99 Combi Coupé is from the same great stable. Designed for enjoyment. Built with a genuine care and precision. Protected by up to three coats of rust beater in vulnerable spots. Finished in the finest style.

Saab 99GL Combi Coupé. A beautiful idea, brilliantly made. Take a test drive at your local Saab showroom soon.



**AUTOMATIC
& MANUAL**



The Central Manufacturing & Trading Group Limited

INTERIM RESULTS


	Half Year to 31 Jan 76 <u>Unaudited</u>	Half Year to 31 Jan 75 <u>Unaudited</u>	Year to 31 July 75
External Turnover	<u>£21,138,000</u>	<u>£22,755,000</u>	<u>£43,037,000</u>
Trading Profit	<u>£1,390,000</u>	<u>£2,198,000</u>	<u>£3,953,000</u>
Interest Payable	<u>£233,000</u>	<u>£336,000</u>	<u>£689,000</u>
Group Profit before Taxation	<u>£1,257,000</u>	<u>£1,862,000</u>	<u>£3,264,000</u>
Corporation Tax (estimated)	<u>£522,000</u>	<u>£866,000</u>	<u>£1,388,000</u>
Group Profit after Taxation	<u>£735,000</u>	<u>£996,000</u>	<u>£1,876,000</u>
Net Earnings per Ordinary Share of 10p	<u>5.3p</u>	<u>5.3p</u>	<u>10.0p</u>

Group profit before tax for the six months ended 31st January 1976 was £1.26m as compared with £1.86m for the corresponding period of last year. Several factors have contributed to this lower level of profit. All the companies in the Group have felt the impact of increasing costs, particularly those from nationalised industries. The national level of economic activity which had begun to decline in the second half of last year continued in the first quarter of the current year. The second quarter saw an improvement in demand and as a result there was an increase in profitability compared with the first quarter. The first six months trading reflects, therefore, the full impact of the severity of the recession.

Looking to the second half, a further improvement has taken place in the third quarter and we anticipate the fourth quarter moving out of the recession more briskly as industrial confidence returns. We are benefiting from a much improved order intake, especially in steel stockholding and also from the recent rise in the price of steel. We believe on present indications that profits for the second half will show a marked improvement over the corresponding period of last year.


The Directors have declared an interim dividend of 11.90% net, payable on 5th July 1976 to shareholders on the register on 1st June 1976, and the Directors would hope to recommend the maximum dividend allowable of 23.8457% net for the year ended 31st July 1976.

12th May, 1976. Norman N. Hickman, Chairman



Steel stockholding and metal processing
Tubes, fittings and fabrications
Light engineering.
263 Halesowen Road, Dudley, West Midlands.

Industrial services
Drop forgings and castings



Midland Bank Limited

**U.S. \$50,000,000 Floating Rate
Capital Notes 1982**

For the six months
May 12, 1976 to November 12, 1976
the Notes will carry an
interest rate of 8 per cent. per annum.

The Notes are listed on The Stock Exchange in London.

Principal Paying Agent:
European-American Bank & Trust Company,
10 Hanover Square, New York, NY 10005, USA

Bolands urged to accept

Anglo hopes to revive Tenke Fungurume

هناك امر الاصل

and maintain
profit lower.Pre-tax profit
tops £2 million
for first time

Pearson Longman Limited, 1975:

Record achievements by book companies, lower trends in the newspaper business

Extracts from the statement by the Chairman, Lord Gibson

For Pearson Longman the trends in 1975 were the same as those of the preceding year. The book companies with their high proportion of overseas sales were relatively little affected by the state of the British economy and had a record year, both in terms of turnover and of profit before taxation. On the other hand, the newspaper businesses and most of our associated companies suffered from a lower volume of advertising and from higher costs which could not be wholly offset by the raising of advertisement rates and selling prices.

In consequence the group profit before tax was £9,889,000 which compares with the profit before tax for 1974 of £11,510,000. The profit after tax and after deducting profits attributable to minority interests, but before deducting extraordinary items, was £4,618,000 against £5,368,000 in the preceding year. For the group as a whole, there was a welcome improvement in the trend of profits in the second half of the year.

Highlights from the 1975 Report

Turnover	£108,650,000
Profit before taxation	£9,889,000
Taxation	£5,076,000
Minorities	£195,000
Extraordinary items	(£218,000)
Attributable	£4,400,000
Preference dividends	£22,000
Ordinary dividends	£2,009,000
Retained earnings	£2,369,000

The high reputation of the Longman Group in educational and medical publishing and the world-wide spread of its activities give it great stability and it made a major contribution to Pearson Longman earnings in 1975. Ladybird Books, too, continued its remarkable success and achieved record sales and a useful advance in profits. Penguin had a very successful year in both home and overseas markets.

In November Penguin announced a major expansion of its international publishing arrangements. In conjunction with our parent company, S. Pearson & Son, a majority interest was acquired in The Viking Press of New York, into which company Penguin's subsidiary Penguin Books Inc. was merged. The resulting combination of Viking's strength as hard cover publishers and Penguin's expertise in the paperback field is expected to yield important benefits.

The *Financial Times* took an important new initiative in July when the management put forward a detailed and radical development plan to take advantage of the new technology now available in the newspaper industry so as to cut production costs and enable the company to reverse the underlying downward trend in profits which has become apparent.

Westminster Press has already introduced advanced production systems in many of its local newspaper offices.

FT

FINANCIAL TIMES

WVP

WESTMINSTER PRESS

L

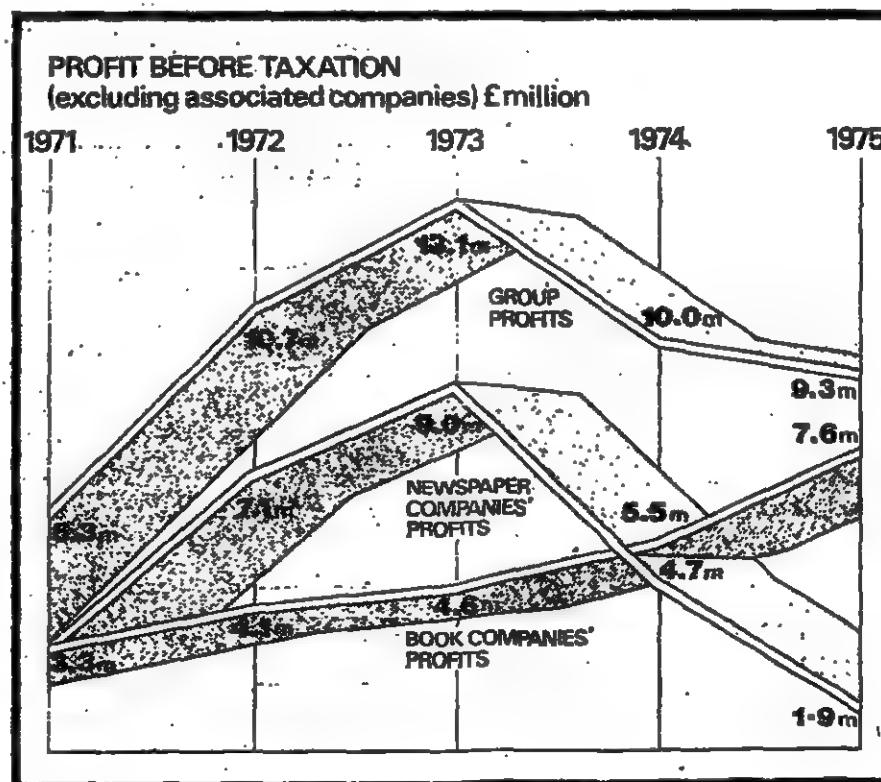
LONGMAN

P

PENGUIN

L

LADYBIRD



Although there is scope for further progress in this direction the nature of the business, with over twenty production offices using a wide variety of equipment and each with differing requirements for technical sophistication, precludes a comprehensive development plan.

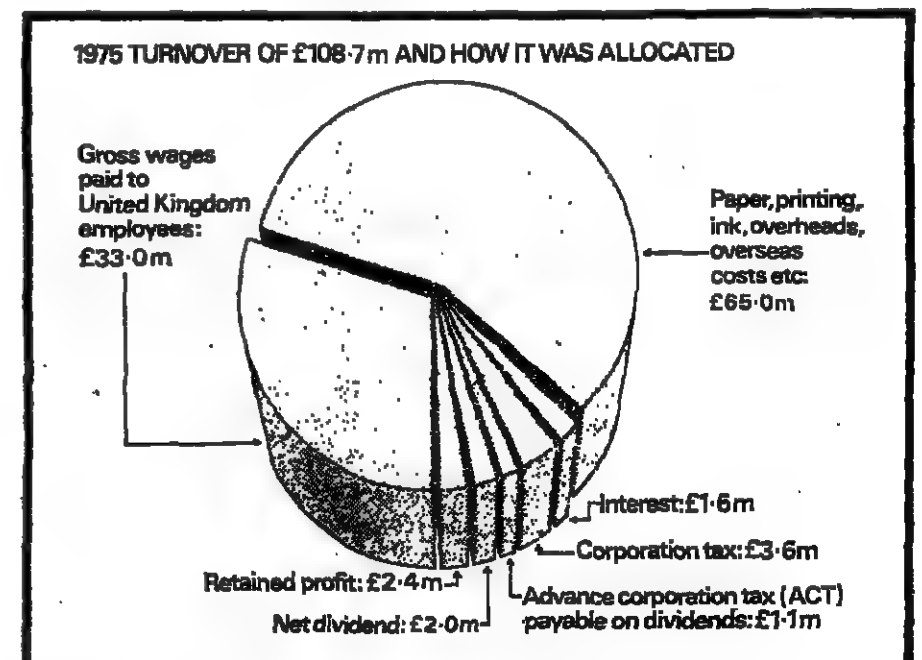
Inflation

Pearson Longman needs to earn much higher profits if it is to maintain its assets, let alone generate real growth. The

main condition for an improvement is a further substantial reduction in inflation. In view of stiffening customer resistance, we cannot always rely on price increases even if they are permitted.

Dividends

The ordinary share dividend inclusive of tax credits totalled 6.817p per share in 1974. Dividends as proposed for 1975 will total 7.497p per share inclusive of tax credits, the maximum the law will allow.



Conclusion

The group has made a fair start in the present year. The results from our newspaper companies are still inadequate but there have been some signs of a recovery in advertising. The book publishing businesses remain buoyant and given reasonably stable conditions in their markets overseas they should have a good year.

I should like to conclude by thanking on your behalf all those who are employed in the group.

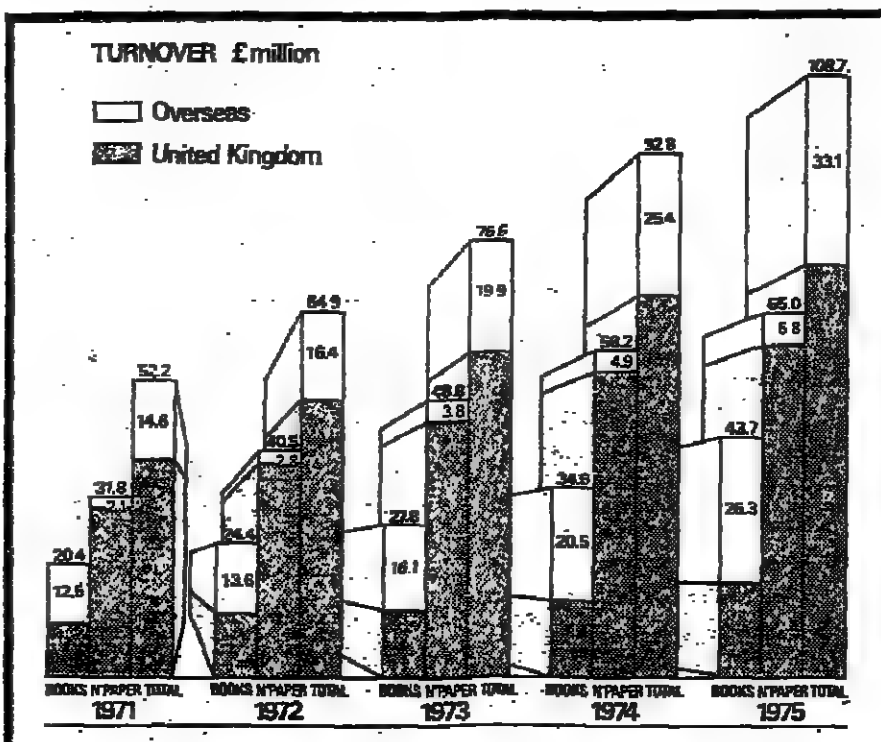
The Annual General Meeting will be held in the Vickers Conference Suite at Millbank Tower, Millbank, London SW1P 4QZ, on Friday, 4th June 1976, at 11.30 a.m.

To: The Secretary, Pearson Longman Limited, Millbank Tower, Millbank, London SW1P 4QZ.

Please send me _____ copy/copies of the 1975 Report and Accounts.

Name _____

Address _____



INTERNATIONAL COMPANY NEWS + EURO MARKETS

Bayer expects higher world sales in 1976

BY NICHOLAS COLCHESTER

BONN, May 12

BOUYED by the general improvement in the world chemical business, Bayer of West Germany expects its world turnover this year to be up to one-fifth higher than the sales of DM17.7bn. that it achieved last year. Sales of the parent company, Bayer AG, should be up by 12-15 per cent. on last year's DM8bn. and thus back to their 1974 level.

Announcing these forecasts, the company chairman, Prof. Herbert Gruenewald, saw a clear improvement in profit for



Prof. Herbert Gruenewald

the year 1976 and a corresponding increase in dividend from last year's DM7.00 per share (DM5.50 in 1974). Profit during the first quarter rose 50 per cent. to DM217m. before tax. The parent company's sales in the first three months were up by 17.6 per cent. to DM3.46bn. on the strength of a 12 per cent. increase in home sales and a 22 per cent. increase in export sales abroad. The turnover of the world group rose by 21.2 per cent. to DM5.23bn.

Bayer now produces more abroad than it does in West Germany and the increase in sales by overseas operations was the strongest feature of the first quarter—24.5 per cent. to DM2.22bn.

Despite the slump in chemical sales in 1975, Bayer continued to invest vigorously, spending DM1.9bn. compared with DM1.5bn. in the previous year.

This year, investment will be down to DM1.7bn. of which DM1700m. will be devoted to Bayer AG. Professor Gruenewald suggested that this expenditure would pick up again in 1977, saying that Bayer's five-year plan called for the investment of DM1.5bn. a year.

The profit situation has improved because of the rise in Bayer's use-of-capacity which is currently standing at around 85 per cent. Problems remain in the fibre area where current prices are still too low to cover manufacturing costs. There is also some uncertainty over the outcome of the chemical industry wage talks, which could be adversely affected by the management's point-of-view by the tough line adopted by the German printing unions.

The Bayer chairman guessed at the Press conference that the company would not quite repeat the DM392m. after tax that Bayer AG reported for 1974. This suggests to observers that the company may repeat its DM8 per cent. dividend of 1973. Apart from the fibre business, Bayer's other loss-maker remains its involvement in the Metzeler group of companies, makers of tyres and plastic foam products. In 1975 Bayer had to give these companies DM162m. to help them cover a DM77m. loss. This compared with support of DM248m. in 1974. The companies made a small loss in the first quarter, and Dr. Gruenewald hoped to have the company turned round by 1977.

Presenting the annual report for 1975, management went over the details of the rights issue that will take place in May and June. The aim of the issue is to increase the proportion of equity capital to balance sheet total from 44 per cent. to 50 per cent. for the parent company, and from 27 per cent. to 30 per cent. for the world group.

To raise DM440m. Bayer will make a one-for-four rights issue that will remain open for subscription between May 20 and June 10. The offer price is twice par—DM100 per share compared with the recent share price of around DM140. The issued shares will receive one-half of the 1974 dividend.

The Bayer report for 1975 shows that profits after tax fell by 46 per cent. for the world group, while Bayer AG's earnings dropped by 24.2 per cent.

Peugeot to take full control of Citroen

BY ROBERT MAUTHNER

PEUGEOT, the French motor car manufacturer, which early last month increased its stake in the Michelin-owned Citroen Company from 38 per cent. to 90 per cent., will assume total control of its erstwhile rival through a new bid announced to-day.

The Peugeot bid for the remaining 10 per cent. share in Citroen is being made on the basis of one Peugeot share for five Citroen shares, with new shares eligible for dividends from January 1, 1976. Peugeot shares closed on the Paris Bourse last night at Frs.295.20 and Citroen shares Frs.57.

The transaction will raise Peugeot's capital to Frs.553.5m. (about £77m.), made of some 8.5m. shares of Frs.70 nominal and give the group majority control of 180 companies and a stake in 20 others. Of these, 100 are in France and 80 in other countries. The new group will have a total workforce of some 175,000, of which 150,000 are in France.

Peugeot's chairman, M. Francois Gautier, said to-day that he expected the group's consolidated net turnover to reach Frs.32bn. from January 1, 1976. In the current year, some 16 per cent. up on 1975. With a production of some 1.25m. vehicles in 1975, the merged company has already

become France's largest motor manufacturer, preceding even the State-owned Renault Group. In spite of Peugeot's initial reservations about taking over the ailing Citroen Company, no one has any doubts to-day that it has made a satisfactory deal.

Thanks partly to the commercial success of the new CX models and Peugeot's strict financial management—400 Citroen employees have been dismissed and nearly 2,000 others retired early—Citroen has emerged from the doldrums during the past 12 months.

Its losses in 1975 on increased sales of 35 per cent. compared

with the previous year amounted to Frs.304m., about one-third of the 1974 shortfall. Nor has Peugeot been obliged to finance either Citroen's losses or the cost of the reorganisation of the new group, which have been fully covered by huge Government loans and financial contributions from Michelin.

M. Gautier said to-day that in spite of the merger, the two companies could retain their "diversity" and operate separate sales networks. It is, however, the link-up, which will result in a much greater rationalisation of production and other activities.

PARIS, May 12

Geneen says ITT may have made Chilean payment

BY STEWART FLEMING

NEW YORK, May 12

MR. HAROLD GENEEN, the chairman of International Telecommunications and Telegraph (ITT) Corporation, said to-day that the company "may have sent" \$350,000 to support "the democratic anti-Communist cause" in Chile.

But he claimed that U.S. Government authorities both "knew of and encouraged" at that time funding of this type by several corporations as part of the U.S. Government's own objectives.

Mr. Geneen, who has previously denied knowledge of such payments, said that his new information "is not consistent" with his own previous knowledge of ITT's activities in Chile.

He claimed, however, that the action was entirely lawful and was for the purpose of protecting the company's \$152m. investment in Chile.

Mr. Geneen claimed that the company had no information to suggest that the money was used to support any "irregular or violent action". He added that such political contributions would be legal under both Chilean and U.S. law.

ITT has been accused of plotting to prevent the election of and later to overthrow the Government of the late Chilean President Salvador Allende, after last year's decline which the company did engage in illegal political activities. The settlement cleared the company

and its officers of charges that it had contributed illegal payments and engaged in illegal acts relating to the 1970 Presidential election in Chile.

At that time ITT said that it would sign a pledge to shareholders each year to the effect that it had not taken part in partisan political activity. An ITT spokesman said that this reaffirmed existing policy of political non-partisanship.

Earlier this month the company was granted a court order protecting it from public disclosure of information which the Securities and Exchange Commission is requiring it to produce as part of the SEC's investigation of alleged foreign and domestic payments.

Mr. Geneen's statement admitting the possibility of political payments in Chile came at the company's annual meeting in Phoenix, Arizona. At the same time the company also released its first quarter profit figures showing a rise in net earnings from \$180.6m. in the first quarter of 1975 to \$181.2m. in the first quarter of 1976.

Fully diluted earnings are 22 cents a share against 85 cents. Mr. Geneen said that he expected the company to resume its historic growth rate this year while in the past denying that the company did engage in illegal political activities. The settlement cleared the company

Beijerinvest anticipates a 20% improvement in earnings

BY WILLIAM DUFFLORCE

STOCKHOLM, May 12

BEIJERINVEST, the Swedish holding company with fast growing trading and industrial interests, expects to increase earnings 20 per cent. in 1976, provided the anticipated business recovery covers the end of the year and its Scandinavian trading division is successful in its oil deals. The forecast would imply pre-tax earnings of around Kr.100m. (£12.5m.), of which Kr.22m. is expected to stem from the group's share portfolio.

Last year Beijerinvest had pre-tax earnings of Kr.82.6m. improved by an extraordinary capital gain to Kr.174m. Sales rose from Kr.3.5bn. to Kr.4.23bn. (£523m.) as a result of the merger with the Prippe Holding Company. Adjusted earnings per share were Kr.13 and the Board proposes to raise the shareholder's dividend from Kr.4 to Kr.6 per share. It is also recommending a one-for-two bonus (10 per cent. last year) and the issue financed mainly from the maintenance of substantial liquid assets. At the end of 1975 the group's holdings in cash, short-

term bank deposits and loans were Kr.222m. (£25.25m.) compared with Kr.70m. A purchase of 100 shares in Beijerinvest in 1971 cost about Kr.12,000 and received a dividend of Kr.300. By participating in the company's new issues at a cost of Kr.16,300 and two bonus issues the holding would have increased to 420 shares. At the end of 1975 these would have been worth Kr.73,600 and would pay a 1975 dividend of Kr.2,200. Over the past five years the total yield (dividend plus price increase) on Beijerinvest shares has averaged 35.7 per cent. a year.

A share portfolio worth Kr.575m. at the end of the year and Kr.629m. on April 1 this year will give the group a long-term earnings stability, according to Mr. Wall, who promises that expansion will be increasingly directed abroad. He sets targets of a minimum equity/debt ratio of 35 per cent., an average return on capital employed before tax of 20 per cent. (compared with just over 10 per cent. last year) and the issue financed mainly from the maintenance of substantial liquid assets. At the end of 1975 the group's holdings in cash, short-

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Solvay has 59% profit fall, cuts dividend

BRUSSELS, May 12

CONSOLIDATED net profits of Solvay dropped 59 per cent. in 1975 to Bfrs.80.26bn. in 1975 from Bfrs.78.39bn. in 1974 and operational earnings declined to Bfrs.7.82bn. from Bfrs.11.54bn. announced.

The company proposed a 1975 dividend of Bfrs.170 net per class A and B share and of Bfrs.88 per class C share, down from Bfrs.135 and Bfrs.74 in 1974, respectively.

Profits of the parent company declined 30 per cent. to Bfrs.1.29bn. from Bfrs.1.863bn. the company stated.

Consolidated sales rose to 1975 than in the first half, it added. After reaching a low point at the end of 1975, business began to turn up again during the first months of 1976, the statement said.

The annual meeting to vote on the dividend proposal was scheduled for June 15.

At the end of 1975 the company ascribed the profit decline to the general economic recession in 1975 and said this affected all sectors of the company's activities. The decline for Solvay was more severe during the second half of

1975 than in the first half, it added. After reaching a low point at the end of 1975, business began to turn up again during the first months of 1976, the statement said.

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The Financial Times Thursday May 18 1976

Ulster lies uneasy under direct rule. Giles Merritt reports

Free for all in Belfast

NORTHERN IRELAND is looking well this spring, but all is not as well as it looks. The province at least appears to have withdrawn from the verge of civil war, notwithstanding a growing number of isolated bombing incidents, the breakout of eight Republican prisoners from Long Kesh, and the arrest of the Republic of SAS counter-insurgent troops.

But the seeming improvement, for what it is worth, is precarious and does not hide underlying problems. Maybe it is only the lull before the storm resumes. For two months in the province has been governed from Westminster under direct rule, new-style. To almost all sections of its political opinion direct rule is an unwanted, un-democratic yoke, and the British Government is now entering a testing time during which its terms, often for conflicting reasons, will be actively trying to shrug it off.

Ulster's knockabout politics have come to a sudden stop. Mr. Merlyn Rees, the Northern Ireland Secretary, warned that when the 78-seat Constitutional Convention broke up on March 10 without agreeing on a revised power-sharing government, the local politicians were out of a job. He has been true to his word. With no forum left, they have no clear exception rather than to local affairs in their capacities as ex-convention members.

The only real argument in favour of announcing an indefinite period of direct rule is that the Ulster politicians, had they been given the chance, would have provoked the tensions that caused violence, whereas quiet but firm administration direct from Westminster would have a relative effect politically.

That is exactly how it has been. Mr. Rees' civil servants have talked energetically at last, and are able to get down to the real work of administering the economically stricken province, but pretend that because paramilitary violence is largely out of sight, it is also out of mind. Appearances are deceptive. Beneath the surface the politicians and the paramilitaries are examining ways of knocking direct rule off balance and discrediting it, while the Provisional IRA is as usual planning that "one last shove" that will win British public opinion and lead to withdrawal.

Moreover, though rioting has abated, and the bombs usually do not go off without previous warnings, violence persists. Bombings in the province are climbing steadily back to the level of 1973. More than 100 bomb attacks are being launched by the Provisional IRA each month. The monthly death toll is now 120, including those defused and those failed to explode. Last year it was just over 50. In 1974 the figure was 150 a month, but because then there were many warning bombs that killed civilians indiscriminately, and because last autumn military planning sometimes led to 20 explosions in a day, 1976 has so far seemed a relief. The killing rate, too, is still high. Paramilitary and sporadic deaths are largely ignored, but the immediate circle of the victim who often just liked down the wrong street at the wrong time, each murder nevertheless a potential trigger capable of detonating a new series of crises. So far this year, 10 people have died, including members of the security



Mr. Merlyn Rees inspects security arrangements in Belfast.

forces, as against 76 in the first four months of 1975.

But the present style of death and destruction is one that the British Government can cope with. Compared with the widespread rioting and disruption of earlier years which brought life in Ulster to a standstill, and which the authorities seem to hope will never return, today's violence is shots off-stage. It is a precarious situation, and one which all sectional interests other than the British Government have a vested aim in ending. Mr. Rees has to work out his notice until mid-summer, following Mr. Callaghan's surprise decision not to bring him back to London in the new Government for the time being. He naturally hopes that he can do so quietly. Unfortunately for him, he is still in the position of an unwanted referee with the contestants, meaning all shades of opinion from moderate to hardline on both sides of the divide. Impatient to toss him out of the ring so they can carry on with a free for all that each is convinced he must win.

Mr. Craig

Worse still, they know that they must do so quickly. Every one, from Stormont, Castle through the spectrum of Loyalist politicians and the paramilitary Ulster Defence Association to the Provisional IRA, appreciates that if direct rule cannot be dislodged by the summer it will become increasingly secure.

To begin with the respectable, Mr. William Craig wants, and intends to get, a return of the inter-party talks between the United Ulster Unionist coalition and the mainly Catholic Social Democratic and Labour Party. Mr. Craig, the Vanguard Loyalist leader, is the militant-turned-moderate who almost clinched an emergency power-sharing coalition deal with the SDLP last autumn and was consequently pitched out of the UUUC at the Rev. Ian Paisley's behest.

Mr. Craig now believes that there is enough support for him inside the official Unionist Party, largest and least committed element of the UUUC, to justify a resumption of talks. He also believes that the SDLP is feeling the draught of

direct rule enough to return to the negotiating table even at the risk of yet another Loyalist pull-down. The SDLP deputy leader, Mr. John Hume, and Mr. Paddy Devlin have indeed increasingly been paying visits to Dublin of late, perhaps seeking parental reassurance, but it seems improbable that they are at Mr. Craig's beck and call.

Ideally, Mr. Craig would like to Downing Street to convene new inter-party talks. But Mr. Callaghan listens to Mr. Rees in these matters, and Mr. Rees is adamantly opposed any further discussion of devolved government during his closing caretaker period. Relying on the enhanced stature he gained last year, in Britain at least (for in Ulster his Vanguard Party looks an increasingly ramshackle platform), Mr. Craig is prepared to call for talks on his own initiative.

At first glance it may all sound hopeless, even naive. Mr. Craig, however, has one trump card up his sleeve and that is the Ulster economy. There is no disguising that it is desperately sick and Mr. Rees' Ministry is at present trying to squeeze rescue funds out of Whitehall. Mr. Craig will argue that devolved government, implying agreed political stability, is the only key to resumed foreign investment.

His support, he believes, must come not only from Unionists who now wish they had listened last year when he read out the economic warnings on the wall, but also from Ulster's lengthening queue. The calculation is that whatever may suit Westminster, it cannot ignore widespread and concerted demands in Northern Ireland of inter-party talks.

Such a general clamour, this time not for coalition talks, but for a return of the old Unionist Government at Stormont is also the aim of Mr. Ernest Baird, leader of the United Ulster Unionist Movement. Mr. Baird was Mr. Craig's not-so-trusty lieutenant in the Vanguard Party, who last year led a mass defection on the emergency coalition issue and formed his UUUM. Like Mr. Craig, he knows that time is not on his side. Mr. Baird thinks he must convince the UUUC of the need for direct action before apathy sets in: Mr. Craig reckons he

must enlist their support before the vacuum of direct rule forces the coalition into back-biting disintegration.

Mr. Baird does not know exactly what he wants, for a return to the old Stormont is now an impossible dream, but he knows what he does not want and that is power-sharing or direct rule. Confused and resentful, he has like so many Protestant Loyalists, one last resort—the UDA. Largest of the Protestant private armies but given by its own internal feuds, it is the Joker in the pack.

Ulster does not seem too concerned about being increasingly run by officials, because its Ministers are often absent and over-stretched, and because it is under-represented by 12 rather than 20 MPs at Westminster. The obsessive questions are whether the British are on the one hand planning sly integration and, on the other, stealthy withdrawal. The SDLP leader, Mr. Gerry Fitt, has lately warned the Government that if the line between direct rule and integration becomes any more blurred he may desert Labour in the division lobbies.

Indeed, if indefinite direct rule is to be knocked off course it could well be in Westminster rather than through violence in Ulster. The bi-partisan relationship between Government and Opposition does not extend to the economy. If Mr. William Craig is correct in his prediction that unemployment in Ulster will hit 18 per cent. by the end of the year, compared with the present record level nudging 10 per cent., then Tories already deeply concerned about economic policy in Northern Ireland would be in open revolt. The search for a solution could be on again by Christmas.

NOTICE OF ISSUE

Application has been made to the Council of The Stock Exchange for the Undermentioned Preference Stock to be Admitted to the Official List.

ABRIDGED PARTICULARS

Newcastle and Gateshead Water Company

(Incorporated in England on the 11th day of May, 1863, by the Newcastle and Gateshead Waterworks Act, 1861)

OFFER FOR SALE BY TENDER OF £4,000,000

8 per cent. Redeemable Preference Stock, 1981

(which will mature for redemption at par on 31st May, 1981)

Minimum Price of Issue £98 per £100 Stock

This Stock is an investment authorised by Section 1 of the Trustee Investments Act, 1961, and by paragraph 10 of Part II of the First Schedule thereto. Under that paragraph the required rate of dividend on the Ordinary Capital of the Company was 4 per cent. but, by the Trustee Investments (Water Companies) Order, 1973, such rate was reduced to 2.5 per cent. in relation to dividends paid during any year after 1972.

The Stock will be entitled to a dividend of 8 per cent. per annum without deduction of tax. Under the imputation tax system the associated tax credit, at the rate of 35/65ths of the distribution, is equal to a rate of 4 4/13ths per cent. per annum.

A deposit of £10 per £100 of nominal amount of Stock applied for must accompany each Tender, which must be sent to Lloyds Bank Limited, Issue Department, P.O. Box No. 287, 51, Gracechurch Street, London, EC3P 3DD, in a sealed envelope marked "Tender for Newcastle and Gateshead Water Company Stock" so as to be received not later than 11 a.m. on 19th May, 1976, before which no allotment will be made. The balance of the purchase money is to be paid on or before 23rd June, 1976. Tenders must be for a minimum of £100 of Stock and above that in multiples of £100.

STATUTORY AND GENERAL INFORMATION

The Company incorporated by Special Act of Parliament in 1863 and under numerous Acts and Orders dating from 1863 to 1975, supplies water under statutory powers in the Metropolitan Boroughs of Newcastle upon Tyne, Gateshead and North Tyneside and the County districts of Berwick upon Tweed, Alnwick, Tynedale and Blyth Valley; from time to time water is supplied in bulk to the Sunderland and South Shields Water Company and to the Durham County Division of the Northumbrian Water Authority. In addition, water is taken in bulk from the Coquet Water Board and reciprocal arrangements are in operation with the Tynemouth Division of the Northumbrian Water Authority for the supply of water in bulk. The Company's arrangements with the Northumbrian Water Authority are contained in an Agreement dated 7th March, 1974.

The length of the mains operated by the Company is some 2,696 miles serving a population of over 783,000 and the daily consumption of water supplied for domestic, industrial and public use currently averages between 48 and 50 million gallons and is increasing.

Copies of the Prospectus, on the terms of which alone Tenders will be considered, and Forms of Tender may be obtained from:—

Seymour, Pierce & Co.,
10, Old Jewry, London, EC2R 8EA

Lloyds Bank Limited,
Issue Department, P.O. Box No. 287, 51, Gracechurch Street, London, EC3P 3DD

and
Collingwood Street, Newcastle upon Tyne, NE99 1RH.

and from the Company's principal office, P.O. Box No. 10, Allendale Road, Newcastle upon Tyne, NE6 2SW.

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Notice of Redemption

Dow Corning Overseas Capital Company N.V.

8 1/2 PER CENT. GUARANTEED DEBENTURES DUE 1985

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of June 15, 1971 under which the above described Debentures were issued, Citibank, N.A. (formerly First National City Bank), as Trustee, has drawn for redemption on June 15, 1976 through the operation of the Mandatory Redemption Provision of the said Indenture \$400,000 principal amount of Debentures of the said issue, bearing the following distinctive numbers:

COUPON DEBENTURES OF \$1,000 PRINCIPAL AMOUNT

31	1	301	3261	3310	4283	5626	6607	7723	8895	9679	11032	12263	13346	14334	15291	16229	17507	18180
1	37	1058	2217	2449	4360	5626	6620	7729	8895	9787	11040	12270	13350	14339	15295	16233	17511	18188
41	1084	2354	2451	4402	5698	6630	7729	8894	9784	11136	12275	13275	14339	15716	16843	17856	18594	
1	1102	2465	2466	4403	5700	6631	7730	8895	9785	11137	12276	13276	14340	15717	16844	17857	18595	
1	1110	2473	2474	4411	5708	6639	7738	8894	9784	11136	12283	13283	14347	15720	16847	17860	18598	
1	1118	2481	2482	4419	5716	6647	7746	8893	9783	11137	12291	13291	14355	15728	16855	17868	18606	
1	1126	2490	2491	4427	5724	6655	7754	8892	9782	11138	12300	13300	14363	15736	16863	17876	18614	
1	1134	2498	2499	4435	5732	6663	7762	8891	9781	11139	12308	13308	14371	15744	16871	17884	18622	
1	1142	2506	2507	4443	5740	6671	7770	8890	9780	11140	12316	13316	14379	15752	16879	17892	18630	
1	1150	2514	2515	4451	5748	6679	7778	8889	9779	11141	12324	13324	14387	15760	16887	17900	18638	
1	1158	2522	2523	4459	5756	6687	7786	8888	9778	11142	12332	13332	14395	15768	16895	17908	18646	
1	1166	2530	2531	4467	5764	6695	7794	8887	9777	11143	12340	13340	14403	15776	16903	17916	18654	
1	1174	2538	2539	4475	5772	6703	7802	8886	9776	11144	12348	13348	14411	15784	16911	17924	18662	
1	1182	2546	2547	4483	5780	6711	7810	8885	9775	11145	12356	13356	14419	15792	16919	17932	18670	
1	1190	2554	2555	4491	5788	6719	7818	8884	9774	11146	12364	13364	14427	15800	16927	17940	18678	
1	1198	2562	2563	4499	5796	6727	7826	8883	9773	11147	12372	13372	14435	15808	16935	17948	18686	
1	1206	2570	2571	4507	5804	6735	7834	8882	9772	11148	12380	13380	14443	15816	16943	17956	18694	
1	1214	2578	2579	4515	5812	6743	7842	8881	9771	11149	12388	13388	14451	15824	16951	17964	18702	
1	1222	2586	2587	4523	5820	6751	7850	8880	9770	11150	12396	13396	14459	15832	16959	17972	18710	
1	1230	2594	2595	4531	5828	6759	7858	8879	9769	11151	12404	13404	14467	15840	16967	17980	18718	
1	1238	2602	2603	4539	5836	6767	7866	8878	9768	11152	12412	13412	14475	15848	16975	17988	18726	
1	1246	2610	2611	4547	5844	6775	7874	8877	9767	11153	12420	13420	14483	15856	16983	17996	18734	
1	1254	2618	2619	4555	5852	6783	7882	8876	9766	11154	12428	13428	14491	15864	16991	18004	18742	
1	1262	2626	2627	4563	5860	6791	7890	8875	9765	11155	12436	13436	14499	15872	17000	18012	18750	
1	1270	2634	2635	4571	5868	6800	7898	8874	9764	11156	12444	13444	14507	15880	17008	18020	18758	
1	1278	2642	2643	4579	5876	6808	7906	8873	9763	11157	12452	13452	14515	15888	17016	18028	18766	
1	1286	2650	2651	4587	5884	6816	7914	8872	9762	11158	12460	13460	14523	15896	17024	18036	18774	
1	1294	2658	2659	4595	5892	6824	7922	8871	9761	11159	12468	13468	14531	15904	17032	18044	18782	
1	1302	2666	2667	4603	5900	6832	7930	8870	9760	11160	12476	13476	14539	15912	17040	18052	18790	
1	1310	2674	2675	4611	5908	6840	7938	8869	9759	11161	12484	13484	14547	15920	17048	18060	18798	
1	1318	2682	2683	4619	5916	6848	7946	8868	9758	11162	12492	13492	14555	15928	17056	18068	18806	
1	1326	2690	2691	4627	5924	6856	7954	8867	9757	11163	12500	13500	14563	15936	17064	18076	18814	
1	1334	2698	2699	4635	5932	6864	7962	8866	9756	11164	12508	13508	14571	15944	17072	18084	18822	
1	1342	2706	2707	4643	5940	6872	7970	8865	9755	11165	12516	13516	14579	15952	17080	18092	18830	
1	1350	2714	2715	4651	5948	6880	7978	8864	9754	11166	12524	13524	14587	15960	17088	18100	18838	
1	1358	2722	2723	4659	5956	6888	7986	8863	9753	11167	12532	13532	14595	15968	17096	18108	18846	
1	1366	2730	2731	4667	5964	6896	7994	8862	9752	11168	12540	13540	14603	15976	17104	18116	18854	
1	1374	2738	2739	4675	5972	6904	8002	8861	9751	11169	12548	13548	14611	15984	17112	18124	18862	
1	1382	2746	2747	4683	5980	6912	8010	8860	9750	11170	12556	13556	14619	15992	17120	18132	18870	
1	1390	2754	2755	4691	5988	6920	8018	8859	9749	11171	12564	13564	14627	16000	17128	18140	18878	
1	1398	2762	2763	4699	5996	6928	8026	8858	9748	11172	12572	13572	14635	16008	17136	18148	18886	
1	1406	2770	2771	4707	6004	6936	8034	8857	9747	11173	12580	13580	14643	16016	17144	18156	18894	
1	1414	2778	2779	4715	6012	6944	8042	8856	9746	11174	12588	13588	14651	16024	17152	18164	18902	
1	1422	2786	2787	4723	6020	6952	8050	8855	9745	11175	12596	13596	14659	16032	17160	18172	18910	
1	1430	2794	2795	4731	6028	6960	8058	8854	9744	11176	12604	13604	14667	16040	17168	18180	18918	
1	1438	2802	2803	4739	6036	6968	8066	8853	9743	11177	12612	13612	14675	16048	17176	18188	18926	
1	1446	2810	2811	4747	6044	6976	8074	8852	9742	11178	12620	13620	14683	16056	17184	18196	18934	
1	1454	2818	2819	4755	6052	6984	8082	8851	9741	11179	12628	13628	14691	16064	17192	18204	18942	
1	1462	2826	2827	4763	6060	6992	8090	8850	9740	11180	12636	13636	14699	16072	17200	18212	18950	
1	1470	2834	2835	4771	6068	7000	8098	8849	9739	11181	12644	13644	14707	16080	17208	18220	18958	
1	1478	2842	2843	4779	6076	7008	8106	8848	9738	11182	12652	13652	14715	16088	17216	18228	18966	
1	1486	2850	2851	4787	6084	7016	8114	8847	9737	11183	12660	13660	14723	16096	17224	18236	18974	
1	1494	2858	2859	4795	6092	7024	8122	8846	9736	11184	12668	13668	14731	16104	17232	18244	18982	
1	1502	2866	2867	4803	6100	7032	8130	8845	9735	11185	12676	13676	14739	16112	17240	18252	18990	
1	1510	2874	2875	4811	6108	7040	8138	8844	9734	11186	12684	13684	14747	16120	17248	18260	19000	
1	1518	2882	2883	4819	6116	7048	8146	8843	9733	11187	12692	13692	14755	16128	17256	18268	19008	
1	1526	2890	2891	4827	6124	7056	8154	8842	9732	11188	12700	13700	14763	16136	17264	18276	19016	
1	1534	2898	2899	4835	6132	7064	8162	8841	9731	11189	12708	13708	14771	16144	17272	18284	19024	
1	1542	2906	2907	4843	6140	7072	8170	8840	9730	11190	12716	13716	14779	16152	17280	18292	19032	
1	1550	2914	2915	4851	6148	7080	8178	8839	9729	11191	12724	13724	14787	16160	17288	18300	19040	
1	1558	2922	2923	4859	6156	7088	8186	8838	9728	11192	12732	13732	14795	16168	17296	18308	19048	
1	1566	2930	2931	4867	6164	7096	8194	8837	9727	11193	12740	13740	14803	16176	17304	18316	19056	
1	1574	2938	2939	4875	6172	7104	8202	8836	9726	11194	12748	13748	14811	16184	17312	18324	19064	
1	1582	2946	2947	4883	6180	7112	8210	8835	9725	11195	12756	13756	14819	16192	17320	18332	19072	
1	1590	2954	2955	4891	6188	7120	8218	8834	9724	11196	12764	13764	14827	16200	17328	18340	19080	
1	1598	2962	2963	4899	6196	7128	8226	8833	9723	11197	12772	13772	14835	16208	17336	18348	19088	
1	1606	2970	2971	4907	6204	7136	8234	8832	9722	11198	12780	13780	14843	16216	17344	18356	19096	
1	1614	2978	2979	4915	6212	7144	8242	8831	9721	11199	12788	13788	14851	16224	17352	18364	19104	
1	1622	2986	2987	4923	6220	7152	8250	8830	9720	11200	12796	13796	14859	16232	17360	18372	19112	
1	1630	2994	2995	4931	6228	7160	8258	8829	9719	11201	12804	13804	14867	16240	17368	18380	19120	
1	1638	3002	3003	4939	6236	7168	8266	8828	9718	11202	12812	13812	14875					

APPOINTMENTS

Sir Eric Drake joins BP Canada

Sir Eric Drake has been elected a director of BP CANADA. Sir Eric retired as chairman of the British Petroleum Company in November last year and relinquished his directorship of the company at that time.

Mr. Selwyn R. Lewis has been appointed a director of BREMAR HOLDINGS. He joined the bank in 1973.

Mr. D. J. Sharratt has been elected to the Board of CENTURY ALUMINIUM COMPANY and becomes production director.

Mr. F. R. Wales will be joining CANNON ASSURANCE as chief secretary on June 1. Mr. Wales is Bedford will take over and direct the company at present acting for the U.K. for the Colonial Mutual Life Assurance Society. Mr. Stephen Meldrum, currently deputy secretary for Cannon Assurance, has been appointed secretary.

Mr. D. R. W. Watts has been re-elected president of the

FEDERATION OF CIVIL ENGINEERING CONTRACTORS. Mr. S. E. Baucher, the former vice-chairman, becomes chairman and Mr. P. Galliford vice-chairman.

Mr. Dennis A. Snow, chief engineer, overall division of Sketchley, has been elected president of the INSTITUTION OF PLANT ENGINEERS for 1976-77. He was previously vice-president.

Consequent upon a re-allocation of duties within the BRITISH AND COMMONWEALTH SHIPPING group, Mr. A. E. Lemon will relinquish operational control of the group's shipping activities from May 17, when Mr. G. F. Lemon will take over and direct the group as managing director of Casper Irvine and Co. Mr. Lemon will continue on the Board of British and Commonwealth, Casper Irvine and other subsidiary companies.

Sir John Nicholson, chairman from 1957 to 1971, intends to

retire from the Board of OCEAN TRANSPORT AND TRADING at the end of June to reduce his business commitments. Though he retired from full-time business in 1971, he has been with the group for 44 years.

Mr. Michael Maude has been appointed export sales director in the marketing division of HYMAC, part of the Powell Duffryn Group. Mr. Maude, who has been with the company since 1974, has been until now regional marketing manager for the Far East and Australasia.

Mr. Derek Hinks has been appointed group marketing director and Mr. Douglas Fisk group planning and projects director of NEWAGE ENGINEERS, part of the Charterhouse Group. Mr. Hinks was previously a director of the Newage electrical division and Mr. Fisk was also a divisional director until his appointment last September as group planning manager.

G. K. G. Stevens joins Unilever Boards

Mr. G. K. G. Stevens was elected a director of UNILEVER G. P. Turner & Co. and G. P. Turner (Life & Pensions) at the annual general meeting of the companies held in London and Rotterdam yesterday.

Mr. R. J. S. Mawson, who has joined the FIRST FINISBURY TRUST GROUP, was previously managing director of Airfix Footwear. In his new capacity he will be deputy chairman and chief executive of the ALPHA LEATHER GROUP, comprising Alpha Leather Co., Light Leather Co., Freeman Horn Co. and Capehorn. Mr. J. A. R. R. French, managing director of First Finisbury Trust, has been elected chairman of Alpha and its subsidiaries in place of Sir Douglas Clague, who has resigned as a director.

Mr. D. C. Reamman has been appointed an assistant director of G. P. TURNER & CO. Mr. F. A.

Budden becomes secretary of G. P. Turner & Co. and G. P. Turner (Life & Pensions) at the annual general meeting of the companies held in London and Rotterdam yesterday.

Mr. Grant Liddell has been appointed a director of STREETS FINANCIAL.

Anglo American Corporation of South Africa, Limited

(Incorporated in the Republic of South Africa)

'South Africa should strive to enable the majority to share in the opportunities of the free enterprise system'

H. F. Oppenheimer

Extracts from the statement by the Chairman Mr. H. F. Oppenheimer

The year 1975 was a very difficult one and the upswing in the South African economy which had been expected to occur early in 1976 is still not under way. In the circumstances it is satisfactory that the Corporation's net profit should have risen by 12 per cent to R84.7 million and that it was possible to raise the dividend by four cents to 33 cents a share. Equally significant is the fact that during the year we embarked upon a number of important new projects which will ensure the continued growth of the Group.

South African economy

It is difficult to predict when an improvement in the South African economy will take place. The very severe budget that has recently been introduced is bound to restrict domestic consumption and private investment still further. The recovery, when it comes, will in all probability be export-led and fortunately, as I indicated when discussing our industrial and diamond interests, there are already signs of an improved demand for some South African products overseas. In 1975 South Africa continued to spend much more abroad than it earned, with the result that the deficit on current account almost doubled from R880 million to R1 616 million. Private consumption last year rose by only 3.1 per cent compared with 5.6 per cent in 1974 and 5.5 per cent in 1973, whereas Government consumption (including defence expenditure) rose by 14.1 per cent compared with 11.4 per cent in 1974 and three per cent in 1973. Obviously it was Government expenditure and not private consumption that lay at the root of the overspending. The situation was of course aggravated by the fall in the price of gold. Receipts from the sale of gold were only marginally lower than in 1974 but expenditure was geared to substantially higher expectations. In 1973 receipts from gold rose by R608 million and in 1974 by R786 million and this trend was apparently expected to continue.

In his budget this year the Minister of Finance has made a commendable effort to slow down the growth of government expenditure and to finance the country's needs in a non-inflationary way. His ability to do so however is limited by the ever-increasing needs of defence. Plainly adequate provision for the country's safety must be an absolute priority and the defence appropriation for this year—which was almost 40 per cent higher than in 1975—will be generally accepted as necessary. Nevertheless the economic growth required for our prosperity and indeed for our social and political stability is hardly reconcilable with such rapidly increasing defence expenditure. The conclusion seems inescapable that the improvement of relations with our African neighbour states is more than a political and military need—it is also an economic necessity. It is encouraging therefore to see that the Angolan civil war, with all the implications for South Africa, has not deflected the Government from its policy of conciliation and détente, though it may very well have made its implementation more difficult.

Discrimination

The developments in Angola and Mozambique pose problems for South Africa, not only in regard to external relations and defence but to its internal policies also. It cannot have been surprising that a substantial part of our Black population should have sympathised with the aspirations of the peoples of Angola and Mozambique to free themselves from Portuguese rule. What is striking and disturbing is that they should apparently have shown an almost complete indifference to the implications of the decisive role played by communist troops and advisers in Angola, to the fact that Mozambique is being organised as a full communist state and that there is a strong possibility that the same may be true of Angola. South Africa, although it has a substantial element of state-controlled industry in its mixed economy, has always been strongly oriented towards the free enterprise system and depends for its economic strength on a powerful, dynamic and imaginative private sector. In the long run that system is not going to be successfully defended and developed in South Africa unless a large proportion of the people, particularly those with leadership potential, see it as offering them more than any of the alternatives. At present the vast majority of the Whites and a substantial proportion of the Blacks favour the free enterprise system, but there are many Blacks who, denied the opportunity to participate in the decision-making processes and share equitably in the benefits that the development of our natural resources have produced, tend to identify it with a political and social establishment which they regard as unjust and oppressive. Nor is this surprising. For the Whites, despite some unwarranted encroachment by the State, our economic system is associated with freedom. Whites are free within reason to start businesses and to develop them in whatever way they deem fit. They can move freely from one occupation to another. They can participate in recognised negotiating machinery which protects their interests. They can own properties, borrow on terms and improve them. They are reasonably free from frustrating, arbitrary and humiliating bureaucratic control and generally speaking their educational, economic and social circumstances permit them to develop as individuals to the best of their ability.

Features of the Consolidated Financial Statements

	1975 R'000's	1974 R'000's	1973 R'000's
Issued ordinary capital and reserves	439 422	388 834	345 348
Investment income	81 134	73 298	51 017
Equity earnings	84 428	75 460	57 954
per share	84.1 cents	57.4 cents	44.6 cents
Dividends on ordinary shares	43 448	38 100	31 176
per share	33 cents	29 cents	24 cents

Investment comparisons by prime source

	Value* Percentage		Income Percentage	
	1975	1974	1975	1974
Gold	41	56	47	44
Diamonds	13	9	15	17
Copper	3	2	4	9
Coal	5	3	2	3
Platinum	2	2	1	3
Other mining	5	5	2	2
Industrial	18	14	17	16
Finance	10	7	11	6
Property	3	2	1	—
	100	100	100	100

*Excluding interests attributable to outside shareholders in subsidiary companies.

Blacks, on the contrary, are subject to all kinds of restraints in the establishment of businesses and enterprises, in movement, in the organisation of collective bargaining and in the ownership of property. Discriminatory legislation and excessive bureaucratic control impinge on important areas of their daily lives, preventing them from participating in the opportunities for and the rewards of ability and hard work. Educational facilities, living conditions, security and transport facilities are all markedly inferior to those available to Whites. The fact is that the Blacks are not truly part of our free enterprise system at all. For those of us who believe, as I do, that this system offers far greater potential for developing the wealth of South Africa and for greater scope, freedom and opportunity for the individual than any other, the situation is alarming. To my mind South Africa, particularly its commerce and industry which depend fundamentally on the continued existence of free enterprise, should strive in every way to enable our non-sharing, non-participating majority to share in the opportunities and participate in the decision-making of the system. Clear and unmistakable evidence of a major move in this direction would also be of very considerable significance abroad; without it our Government's external policy of conciliation and détente can scarcely hope to succeed.

There are a number of forces present in the South African situation which ought to give impetus to such a move. The Government has stated in unequivocal terms that it is opposed to racial discrimination. In the years ahead such acute shortages of skilled manpower are anticipated that it seems evident that the main impediment to the continued growth of the South African economy will be our human—and financial—resources: not lack of viable projects. Yet rapid growth is essential if Black aspirations are to be provided for without undue threat to White security. Some steps towards the removal of restraints and greater participation by Blacks have been taken already, but they are far too limited and tentative to meet the needs of the situation.

It would be foolish to pretend that it will not be enormously difficult to evolve means whereby the Black people of South Africa can participate in decision-making at all levels, and share equitably in the opportunities and wealth of our country. Even if policy was focused conscientiously on these matters immediately, the objectives could not be achieved for many years to come, and unorthodox and imaginative approaches would be needed in the meantime. Nevertheless the attempt must be made, and the experience of others confronted by similar situations indicates that provided it is genuine and determined, very significant progress can be made in a much shorter time than at first seems likely.

Labour policies

Fortunately the real earnings of Black workers have continued to improve, particularly in the mining industry. Overall the real increase last year, excluding the agricultural sector, is estimated at 10.6 per cent; excluding the mining industry the increase was 2.1 per cent and in mining as a whole it was as high as 44 per cent. In considering these figures it must be borne in mind that until recently wages in the mines were far lower than in manufacturing industry and that even now this disparity has not been fully eliminated. There have been no serious outbreaks of industrial unrest amongst the Black employees of our Group since January 1975, when the disturbances were not directly connected with conditions on the mines but were associated with the Lesotho Government's introduction of a compulsory scheme of deferred pay for its citizens. There is no doubt that the improvement in industrial relations is largely due to better pay and the other measures we have been taking. It would be most unwise, however, to assume that there is no further danger of trouble or that nothing more remains to be done. Another very welcome consequence of the rise in wages has been the remarkable increase in the number of South African Blacks coming to work on the mines. On the gold mines of our Group, where the proportion of South African Blacks has been higher than in the industry as a whole, South Africans constituted 29 per cent of the Black workforce of 111 000 at the end of February 1974.

Two years later, when the workforce had increased to 120 000, the proportion from South Africa had risen to more than 44 per cent.

Since the formation of the Corporation's manpower resources division early in 1975, a great deal of work has been done in developing Group policies in this field. Particularly pleasing is the growing co-operation between head office and Group companies in the implementation of these policies, which while they may be researched and worked out at head office, cannot be successfully adopted without the sympathetic understanding and involvement of the operating management. Perhaps the most wide-spread achievement of the past year has been the implementation of a uniform system of job evaluation and the development of new pay structures in all our mines and in most of our industrial companies. There has also been considerable progress in the establishment of briefing groups and committees for downward and upward communications respectively. These have not proved uniformly successful however and further efforts in this field are essential. Our training activities have been greatly expanded with the emphasis on the preparation of Black workers for more skilled occupations. Various measures are in hand, including the provision of better and more attractive accommodation, to mitigate the hardships inseparable from the migrant labour system and happily there is also every prospect of our being able to increase considerably the number of Black miners who may live with their families on the mines. Notwithstanding this progress much remains to be done and we shall not relax our efforts to improve matters further. However the maintenance of good labour relations depends to a great extent on considerations which go far beyond what can be achieved by industry alone and there is an urgent need for adaptation and change on a national level in the whole field of race relations.

Social projects

The special projects in the social field which I mentioned last year are making good progress. The scheme to enable Black teachers in Bophuthatswana to improve their qualifications successfully completed its first year. More than 400 students wrote examinations, and rather more than half of them passed. This year 800 students have enrolled. The building of the agricultural high school in the Ciskei is nearly complete and the equipping of the school and the development of its farm are about to begin. The first pupils will enter in January 1977. Several new projects were initiated in 1975. We are providing the funds to enable the University of Cape Town to undertake a large research programme into low-cost housing, which is one of the most pressing social problems in the western Cape. In conjunction with the University of the Western Cape, the university for the Coloured people, we have provided part of the funds for a social development agency, founded by and administered by Coloureds, that will promote welfare work among their people on a broad front. At the University of the Witwatersrand the Department of Social Work has just established with our help a community research and development unit which, together with citizen groups in the Black, Coloured and Indian communities of the Witwatersrand, will undertake studies into welfare programmes and will collect and publish local case study material that has not hitherto been available for the training of social workers in South Africa. Early this year we reached agreement with the Department of Santa Education in terms of which we shall provide the buildings for a teachers training college in Soweto, just outside Johannesburg, which will have places initially for some 300 students.

The fifty-ninth annual general meeting of Anglo American Corporation of South Africa Limited will be held on Friday 21st May, 1976 at the head office of the Corporation in Johannesburg.

Copies of the Chairman's full statement together with the annual report are available from the London office, 40 Holborn Viaduct, EC1P 1AJ or from the transfer secretaries, Charter Consolidated Ltd., P.O. Box 102, Charter House, Park Street, Ashford, Kent, TN24 8EQ.

SAB

THE SOUTH AFRICAN BREWERIES LIMITED

(Incorporated in the Republic of South Africa)

PRELIMINARY RESULTS AND FINAL DIVIDENDS FOR THE YEAR ENDED 31ST MARCH, 1976

EARNINGS AND DIVIDENDS

The unaudited results of The South African Breweries Limited and its subsidiary companies for the year ended 31st March 1976, compared with those for the year ended 31st March 1975, are as follows:

	1976 R'000's	1975 R'000's
Turnover:	1,181,000	885,900
Operating Income:	83,000	70,300
Taxation:	27,500	23,400
	55,500	46,900
Attributable Group interest in net earnings of a subsidiary not consolidated:	1,280	600
Operating income after taxation:	56,700	47,500
Attributable to outside shareholders in consolidated subsidiaries:	11,100	10,600
	45,600	36,900
Preference dividends:	4,580	4,300
Operating income attributable to Ordinary shareholders:	41,100	32,600
Ordinary dividends	19,800	16,100
Retained Earnings	21,300	16,500
Earnings per share	20.7 cents	18.3 cents
Ordinary dividends per share:		
Interim:	2.5 cents	2.5 cents
Final:	7.0 cents	6.5 cents
Total:	9.5 cents	9.0 cents

Earnings per share of 20.7 cents exceeded those of the previous year by 13% and dividends totalling 9.5 cents were declared. Earnings and dividends compare with those of 20.1 cents and 9.5 cents per share respectively included in the circular dealing with the acquisition of Stellenbosch Wine Trust Limited ("SWT") dated 19th December 1975.

The inclusion of the turnover of SWT for the six months ended 31st March 1976 makes the turnover figures reflected in the statement not strictly comparable, but, excluding the effect of SWT, comparable turnover rose by 16%—a growth rate fractionally ahead of that of the economy. Margins were not maintained at the levels of those of the previous year mainly because of the increasingly competitive nature of the market place and the effects of the anti-inflation manifesto.

All subsidiaries and divisions increased profits.

ORDINARY SHAREHOLDERS EQUITY

This has increased during the year by R86m. The increase is attributable to the R31m. of retained earnings, R67m. to the acquisition of SWT less R2m. in respect of sundry other charges, being mainly the effect of extraordinary items.

FINANCIAL RATIOS

The gearing ratios at 31st March 1976 approximated to those at 31st March 1975 with the ratio of current assets to current liabilities being improved.

FUTURE PROSPECTS

No significant real growth in consumption expenditure is expected in 1976 but the South African economy should be in an upward phase by March 1977. Overall, an inflation rate between 10%-12% is predicted.

Higher company taxation, increased excise and sales duties and increasing costs are again likely to erode profit margins in what is certain to be a more competitive market place.

The current economic climate calls for restraints and sacrifices on the part of many sectors of the community and your directors believe this is acceptable in the short term in order to ensure longer term growth in a stable economic climate. It is therefore believed that shareholders should accept that it is unlikely that there will be growth in earnings per share. However, the Group Management has set the objective of again improving on the past year's results, which, if achieved, will in your directors' view represent a most creditable performance.

2 Jan Smuts Avenue,

JOHANNESBURG, 2001.

12th May 1976.

By Order of the Board,

B. C. WAIGEL,

Group Secretary.

DECLARATION OF FINAL DIVIDENDS

NOTICE IS HEREBY GIVEN THAT at a Meeting of the Board held on 12th May, 1976 the following dividends, in respect of the year ended 31st March, 1976, were declared payable on or about 9th July, 1976 to shareholders registered at the close of business on 28th May, 1976.

ORDINARY SHARES

A final dividend of 7.0 cents per share, which together with the Interim Dividend of 2.5 cents per share paid on 28th December, 1975, represents a total for the year of 9.5 cents per share (last year's total dividend 9.0 cents per share).

PREFERENCE SHARES

Final dividend calculated in respect of the six months ended 31st March, 1976—

6.2% CUMULATIVE, of R2 EACH

A dividend of 6.2 cents per share.

7% CONVERTIBLE REDEEMABLE CUMULATIVE, of R1 EACH

A dividend of 3.5 cents per share.

Maiden dividends calculated in respect of the six months ended 31st March, 1976—

8% REDEEMABLE CUMULATIVE, of R1 EACH

A dividend of 4.0 cents per share.

7% CUMULATIVE, of R1 EACH

A dividend of 3.5 cents per share.

The foregoing dividends are declared in the currency of the Republic of South Africa. Warrants in payment will be posted on or about 9th July, 1976 to members at their registered addresses or in accordance with their written instructions and will be despatched from the office of the Transfer Secretaries in Johannesburg to all payees except those to whom payment will be made from the office of the London Secretaries of the company (Barnato Brothers Limited, 27 Austin Friars, London EC2N 2EY).

Any instructions which will necessitate an alteration in the office from which payment is to be made must be received on or before 28th May, 1976.

Payments from the office of the London Secretaries of the company will be made in United Kingdom currency calculated by reference to the rate of exchange ruling on 28th June, 1976 or at a rate not materially different therefrom.

South African Non-Resident Shareholders' Tax at the rate of 12.633% and United Kingdom Income Tax will be deducted from the dividends where applicable.

The Transfer Books and Registers of Members in respect of the shares which are the subject of this notice will be closed from 29th May to 6th June, 1976, both dates inclusive.

2 Jan Smuts Avenue,

JOHANNESBURG 2001.

27 Austin Friars,

LONDON EC2N 2EY.

By Order of the Board,

B. C. WAIGEL,

Group Secretary.

12th May, 1976.

Introducing the FT Eurobond List

The Financial Times is to publish monthly the Association of International Bond Dealers' official List of Eurobond Quotations and Yields.

The official Eurobond List will be an essential work of reference for anyone investing, borrowing or involved in this increasingly important market.

You'll find it as an integral part of the Financial Times early in every month. The first issue appears on Monday, June 7, and planned publication dates for the remainder of the year are July 5, August 9, September 6, October 11,

November 8 and December 6.

So, from now on, month by month, you'll have Eurobond data that's accurate to the last trading day of the preceding month. At least sixteen pages of detailed information which will help you find all the facts you want fast.

To: Robert Piper, The Financial Times,
Bracken House, Cannon St., London EC4P 4BY.

Please send me the first issue of the
official Eurobond Quotations and Yields List.

Name

Company

Address

The listings include Borrowers, Market Makers,
Lead Managers, Price, Conversion Price, Life,
Current Yield and Next Call Date.



SLIGHTLY EASIER IN REDUCED TRADING

Sterling firm

BY OUR WALL STREET CORRESPONDENT

NEW YORK, May 12

A SLIGHTLY easier tendency developed on Wall Street today, reflecting the Stock Market's failure in two attempts yesterday to break through the year's closing high at 101 on the Dow Jones Industrial Average.

After opening at a further 2.12 down at 100.49, the Industrial Average finished at 100.57, for a net loss of 0.94. The NYSE All Common Index gave way 10 cents to 94.74, while declines advanced by 80 to 612. Trading volume, however, sharply decreased by 3.06m. shares to 18.51m.

Brokers added that the Stock Market was held back also by ris-

\$4 at \$63 on 90,550 shares—General is considering a take-over bid.

PARIS—French shares generally slipped although the majority of Chemicals, Foods and Textiles improved to some extent. Brokers cited continued hesitation over the impending imposition of Capital Gains Tax, noting that the market had not taken into account the lowering of the Call Money rate by a quarter of a percentage point to 7 1/2 per cent.

Electricals led most sectors down, while Construction, Hotels and Stores were mixed. Chemicals were steady.

Foreign issues were practically all declined, apart from unchanged British stocks.

AMSTERDAM—Dutch International shares lower, with the exception of Royal Dutch which firmed \$1.10 ahead of its first quarter figures due today.

Banks and Transportations were generally lower, while Insurance shares were mixed.

Ennla held unchanged at \$1.24 after announcing it expects a higher profit per share this year.

State Bonds—Dutch 10 1/2 per cent, 1980-85, firmed \$1.10 ahead of its first quarter figures due today.

BRUSSELS—Generally lower in continued quiet trading.

Steel gave ground, Metals were stronger, Chemicals mixed.

Solvay shed \$1.30 to 2.47 on net profit of \$1.227m. (Fr.2.974m.).

German and most U.S. stocks were lower. Dutch issues steady. Canadian stocks rose, while Gold Mines fell.

S.W. Africa—Broadly lower,

partially attributable to growing apprehensions about the strike in West Germany's printing industry.

Banks were lower. Electricals weaker. Chemicals generally declined. Motors lower, as were Machine Makers. Steels declined, while Metals were mixed to lower.

Utilities remained neglected. Textiles improved to some extent. Brokers cited continued hesitation over the impending imposition of Capital Gains Tax, noting that the market had not taken into account the lowering of the Call Money rate by a quarter of a percentage point to 7 1/2 per cent.

Electricals led most sectors down, while Construction, Hotels and Stores were mixed. Chemicals were steady.

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German and most U.S. stocks were lower. Dutch issues steady. Canadian stocks rose, while Gold Mines fell.

S.W. Africa—Broadly lower,

sterling maintained its recent upward trend in the foreign exchange market yesterday, gaining ground against the U.S. dollar and major currencies in general.

The pound closed 53 points higher at \$1.8325, and its trade-weighted average depreciation since the Washington Currency Agreement, as calculated by the Bank of England, improved to 38.9 per cent, and stood at 38.9 per cent at noon and 37.1 per cent in early dealings.

General optimism about the economic situation and hopes that the April trade figures, to be published on Friday, will confirm the hopeful trend in recent economic statistics, helped support sterling.

The pound opened at \$1.8370, before settling at \$1.8325, before settling at \$1.8325 for most of the day.

The dollar was firmer against the major European currencies, with the exception of sterling, improving to Sw.Fr.2.4855 against the Swiss franc from the previous Sw.Fr.2.48.

The Italian Lira finished at 1,639 in terms of the U.S. dollar, compared with 1,643 on Tuesday. The dollar's trade-weighted average depreciation since the Washington Agreement, as calculated by Morgan Guaranty of New York on noon rates, narrowed to 1.96 per cent from 2.12 per cent.

HONG KONG—Lower in light of the dollar's firmness.

Hong Kong Bank lost 10 cents to \$10.90. Hong Kong Light 3 cents to 7.5. Hutchison 3 cents to 2.95. Swire Pacific "A" 3 cents to 0.55. Wheelock "A" 7 1/2 cents to 2.30. Hong Kong Electric 20 cents to 4.10. China Light 20 cents to 2.10. Kowloon Telephone 10 cents to 2.10. Kowloon Motor Bus 10 cents to 2.10. Kowloon Wharf 10 cents to 2.10.

JOHANNESBURG—Gold shares were easier in line with the lower dollar, but business was quiet. "Speculative" issues shed up to 20 cents.

Cranium Producers were lower, with Randfontein of 30 cents to 2.25.

Financial Minings also were easier.

ALABAMA—Resource stocks had another good day, although market interest tended to be more heavily based on the consequences price movements were not dramatic.

Anticipating a Government statement about the future of the Alabama River project, Peabody Coal shares moved up 15 cents to \$3.55 and its Ranger partner \$2.65 to \$3.85.

Beach Sands Mines got some support from a rise in the share price and firm in iron ore.

Although Ampel Exploration's share price rose 3 cents to 3 cents, Oils market in general firmed.

STERLING—Sterling maintained its recent upward trend in the foreign exchange market yesterday, gaining ground against the U.S. dollar and major currencies in general.

The pound closed 53 points higher at \$1.8325, and its trade-weighted average depreciation since the Washington Currency Agreement, as calculated by the Bank of England, improved to 38.9 per cent, and stood at 38.9 per cent at noon and 37.1 per cent in early dealings.

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The pound opened at \$1.8370, before settling at \$1.8325, before settling at \$1.8325 for most of the day.

EXCHANGE CROSS-RATES

May 12	Frankfurt	New York	Paris	Berlin	London	Amsterdam	Zurich
Frankfurt	1.8325	1.8325	1.8325	1.8325	1.8325	1.8325	1.8325
New York	1.8325	1.8325	1.8325	1.8325	1.8325	1.8325	1.8325
Paris	1.8325	1.8325	1.8325	1.8325	1.8325	1.8325	1.8325
Berlin	1.8325	1.8325	1.8325	1.8325	1.8325	1.8325	1.8325
London	1.8325	1.8325	1.8325	1.8325	1.8325	1.8325	1.8325
Amsterdam	1.8325	1.8325	1.8325	1.8325	1.8325	1.8325	1.8325
Zurich	1.8325	1.8325	1.8325	1.8325	1.8325	1.8325	1.8325

EURO-CURRENCY INTEREST RATES

May 12 1976	sterling	U.S. dollar	Canadian dollar	Deutsch Mark	Swiss franc	Japanese yen
sterling	10.50	10.50	10.50	10.50	10.50	10.50
U.S. dollar	10.50	10.50	10.50	10.50	10.50	10.50
Canadian dollar	10.50	10.50	10.50	10.50	10.50	10.50
Deutsch Mark	10.50	10.50	10.50	10.50	10.50	10.50
Swiss franc	10.50	10.50	10.50	10.50	10.50	10.50
Japanese yen	10.50	10.50	10.50	10.50	10.50	10.50

FORWARD RATES

May 12 1976	sterling	U.S. dollar	Canadian dollar	Deutsch Mark	Swiss franc	Japanese yen
sterling	10.50	10.50	10.50	10.50	10.50	10.50
U.S. dollar	10.50	10.50	10.50	10.50	10.50	10.50
Canadian dollar	10.50	10.50	10.50	10.50	10.50	10.50
Deutsch Mark	10.50	10.50	10.50	10.50	10.50	10.50
Swiss franc	10.50	10.50	10.50	10.50	10.50	10.50
Japanese yen	10.50	10.50	10.50	10.50	10.50	10.50

OTHER MARKETS

May 12 1976	sterling	U.S. dollar	Canadian dollar	Deutsch Mark	Swiss franc	Japanese yen
sterling	10.50	10.50	10.50	10.50	10.50	10.50
U.S. dollar	10.50	10.50	10.50	10.50	10.50	10.50
Canadian dollar	10.50	10.50	10.50	10.50	10.50	10.50
Deutsch Mark	10.50	10.50	10.50	10.50	10.50	10.50
Swiss franc	10.50	10.50	10.50	10.50	10.50	10.50
Japanese yen	10.50	10.50	10.50	10.50	10.50	10.50

OTHER MARKETS

May 12 1976	sterling	U.S. dollar	Canadian dollar	Deutsch Mark	Swiss franc	Japanese yen
sterling	10.50	10.50	10.50	10.50	10.50	10.50
U.S. dollar	10.50	10.50	10.50	10.50	10.50	10.50
Canadian dollar	10.50	10.50	10.50	10.50	10.50	10.50
Deutsch Mark	10.50	10.50	10.50	10.50	10.50	10.50
Swiss franc	10.50	10.50	10.50	10.50	10.50	10.50
Japanese yen	10.50	10.50	10.50	10.50	10.50	10.50

OTHER MARKETS

May 12 1976	sterling	U.S. dollar	Canadian dollar	Deutsch Mark	Swiss franc	Japanese yen
sterling	10.50	10.50	10.50	10.50	10.50	10.50
U.S. dollar	10.50	10.50	10.50	10.50	10.50	10.50
Canadian dollar	10.50	10.50	10.50	10.50	10.50	10.50
Deutsch Mark	10.50	10.50	10.50	10.50	10.50	10.50
Swiss franc	10.50	10.50	10.50	10.50	10.50	10.50
Japanese yen	10.50	10.50	10.50	10.50	10.50	10.50

OTHER MARKETS

May 12 1976	sterling	U.S. dollar	Canadian dollar	Deutsch Mark	Swiss franc	Japanese yen
sterling	10.50	10.50	10.50	10.50	10.50	10.50
U.S. dollar	10.50	10.50	10.50	10.50	10.50	10.50
Canadian dollar	10.50	10.50	10.50	10.50	10.50	10.50
Deutsch Mark	10.50	10.50	10.50	10.50	10.50	10.50
Swiss franc	10.50	10.50	10.50	10.50	10.50	10.50
Japanese yen	10.50	10.50	10.50	10.50	10.50	10.50

OTHER MARKETS

May 12 1976	sterling	U.S. dollar	Canadian dollar	Deutsch Mark	Swiss franc	Japanese yen
sterling	10.50	10.50	10.50	10.50	10.50	10.50
U.S. dollar	10.50	10.50	10.50	10.50	10.50	10.50
Canadian dollar	10.50	10.50	10.50	10.50	10.50	10.50
Deutsch Mark	10.50	10.50	10.50	10.50	10.50	10.50
Swiss franc	10.50	10.50	10.50	10.50	10.50	10.50
Japanese yen	10.50	10.50	10.50	10.50	10.50	10.50

OTHER MARKETS

May 12 1976	sterling	U.S. dollar	Canadian dollar	Deutsch Mark	Swiss franc	Japanese yen
sterling	10.50	10.50	10.50	10.50	10.50	10.50
U.S. dollar	10.50	10.50	10.50	10.50	10.50	10.50
Canadian dollar	10.50	10.50	10.50	10.50	10.50	10.50
Deutsch Mark	10.50	10.50	10.50	10.50	10.50	10.50
Swiss franc	10.50	10.50	10.50	10.50	10.50	10.50
Japanese yen	10.50	10.50	10.50	10.50	10.50	10.50

OTHER MARKETS

May 12 1976	sterling	U.S. dollar	Canadian dollar	Deutsch Mark	Swiss franc	Japanese yen
sterling	10.50	10.50	10.50	10.50	10.50	10.50
U.S. dollar	10.50	10.50	10.50	10.50	10.50	10.50
Canadian dollar	10.50	10.50	10.50	10.50	10.50	10.50
Deutsch Mark	10.50	10.50	10.50	10.50	10.50	10.50
Swiss franc	10.50	10.50	10.50	10.50	10.50	10.50
Japanese yen	10.50	10.50	10.50	10.50	10.50	10.50

OTHER MARKETS

May 12 1976	sterling	U.S. dollar	Canadian dollar	Deutsch Mark	Swiss franc	Japanese yen
sterling	10.50	10.50	10.50	10.50	10.50	10.50
U.S. dollar	10.50	10.50	10.50	10.50	10.50	10.50
Canadian dollar	10.50	10.50	10.50	10.50	10.50	10.50
Deutsch Mark	10.50	10.50	10.50	10.50	10.50	10.50
Swiss franc	10.50	10.50	10.50	10.50	10.50	10.50
Japanese yen	10.50	10.50	10.50	10.50	10.50	10.50

OTHER MARKETS

May 12 1976	sterling	U.S. dollar	Canadian dollar	Deutsch Mark	Swiss franc	Japanese yen
sterling	10.50	10.50	10.50	10.50	10.50	10.50
U.S. dollar	10.50	10.50	10.50	10.50	10.50	10.50
Canadian dollar	10.50	10.50	10.50	10.50	10.50	10.50
Deutsch Mark	10.50	10.50	10.50	10.50	10.50	10.50
Swiss franc	10.50	10.50	10.50	10.50	10.50	10.50
Japanese yen	10.50	10.50	10.50	10.50	10.50	10.50

OTHER MARKETS

May 12 1976	sterling	U.S. dollar	Canadian dollar	Deutsch Mark	Swiss franc	Japanese yen
sterling	10.50	10.50	10.50	10.50	10.50	10.50
U.S. dollar	10.50	10.50	10.50	10.50	10.50	10.50
Canadian dollar	10.50	10.50	10.50	10.50	10.50	10.50
Deutsch Mark	10.50	10.50	10.50	10.50	10.50	10.50
Swiss franc	10.50	10.50	10.50	10.50	10.50	10.50
Japanese yen	10.50	10.50	10.50	10.50	10.50	10.50

OTHER MARKETS

May 12 1976	sterling	U.S. dollar	Canadian dollar	Deutsch Mark	Swiss franc	Japanese yen
sterling	10.50	10.50	10.50	10.50	10.50	10.50
U.S. dollar	10.50	10.50	10.50	10.50	10.50	10.50
Canadian dollar	10.50	10.50	10.50	10.50	10.50	10.50
Deutsch Mark	10.50	10.50	10.50	10.50	10.50	10.50
Swiss franc	10.50	10.50	10.50	10.50	10.50	10.50
Japanese yen	10.50	10.50	10.50	10.50	10.50	10.50

OTHER MARKETS

May 12 1976	sterling	U.S. dollar	Canadian dollar	Deutsch Mark	Swiss franc	Japanese yen
sterling	10.50	10.50	10.50	10.50	10.50	10.50
U.S. dollar	10.50	10.50	10.50	10.50	10.50	10.50
Canadian dollar	10.50	10.50	10.50	10.50	10.50	10.50
Deutsch Mark	10.50	10.50	10.50	10.50	10.50	10.50
Swiss franc	10.50	10.50	10.50	10.50	10.50	10.50
Japanese yen	10.50	10.50	10.50	10.50	10.50	10.50

OTHER MARKETS

May 12 1976	sterling	U.S. dollar	Canadian dollar	Deutsch Mark	Swiss franc	Japanese yen
sterling	10.50	10.50	10.50	10.50	10.50	10.50
U.S. dollar	10.50	10.50	10.50	10.50		

ANGEL
GOLD

FARMING AND RAW MATERIALS

U.S. ban on cyclamates to continue

WASHINGTON, May 12. The U.S. Food and Drug Administration (FDA) has announced that the artificial sweetener cyclamate should not be returned to the U.S. market, said it could not assure consumers that the product is safe for everyday use.

Dr. Alexander Schmidt, the FDA Commissioner, said despite extensive testing, the cyclamate still showed evidence of causing damage in humans. Cyclamate was withdrawn from the market in 1969 after some laboratory studies in animals showed it caused cancer. It was widely used in many foods, including soft drinks, but Abbott Laboratories, the cyclamate producer, said today it has no knowledge of any unresolved safety questions. It would preclude U.S. approval of cyclamate for use in its.

Australians to shoot 40,000 more cattle

MELBOURNE, May 12. RY FARMERS in Victoria are to slaughter another 40,000 cattle this week to reduce losses caused by rising costs and drought.

Yesterday farmers in North Victoria shot 1,000 cattle after siding it was cheaper to kill them than feed them or transport them to market.

Mr. Ian Smith, Minister for Agriculture, said that farmers will be paid \$4.50 (33p) for each head of cattle destroyed. Mr. Wesley Watts, a spokesman for the farmers, estimates that a good animal can fetch as much as \$450 at auction.

SHARP FALL IN POTATO PRICES

By Our Commodities Staff

There has been a sharp fall in prices for old potatoes the Potato Marketing Board, announced yesterday.

Followed with a widening range of imported new potatoes, buyers are now showing a diminished interest in home grown varieties it said. As a result, prices had fallen sharply and were some carry-over of stocks.

General lifting of home grown old potatoes should start in Cornwall and Pembroke on the 1-4, it added.

Surplus of phosphates until 1980 forecast

BY JOHN EDWARDS, COMMODITIES EDITOR

WORLDWIDE SURPLUSES of phosphate rock and phosphoric acid, lasting until at least 1980, were forecast in a report presented at the International Phosphate Manufacturers Association (ISMA) conference in London yesterday.

The report, compiled by the Association's economic committee, said that although phosphate fertiliser prices had eased, the market remained "perturbed" and in some countries it could be several years before the 1973-74 level of consumption was regained. It added that the setback to phosphate fertiliser consumption would aggravate the projected surplus of both phosphate rock and phosphoric acid.

Results of the committee's latest survey predicted that between 1974 and 1979 there would be a substantial increase in the available capacity for producing phosphoric acid for export, which would be more than enough to cope with demand. On balance, therefore, it was difficult to see where the additional capacity would find a market.

It estimated that by 1979 production potential would be as much as around 22m. tonnes compared with consumption of about 17m. tonnes. The supply of phosphate rock was forecast as rising steeply to over 150m. tonnes by 1979 against demand of around 100m. tonnes showing a relatively small increase in the next few years after the sharp setback in 1974-75.

Elasticity

Delegates at the conference privately confirmed that the over-supply situation of phosphate is putting further downward pressure on prices. A further fall in demand, after the steep drop in 1975, is expected in Western Europe, the main importing area, even though there is expected to be a slight recovery in worldwide consumption.

Traders reported low-price deals of the conference for example Phosphor claimed that it had paid only \$28 a ton for high quality phosphate rock from Togo. This compares with a Moroccan quoted price of \$45 although actual deals have been reported at prices between \$30 to \$35. At the same time U.S. suppliers are said to be offering phosphoric acid and processed fertilisers at very competitive rates.

It was pointed out that the unexpected elasticity of demand for phosphate, highlighted by the shortage fears in 1974, and the subsequent reaction, have effectively killed any aspirations to create a producer cartel similar to OPEC.

Meanwhile from Britain's point of view the lower cost of raw materials, such as phosphate rock, should help to prevent fertiliser prices from rising in the months ahead.

In Strasbourg, the Common Market Commission said it was investigating prices of certain fertilisers exported to the EEC from the U.S. and the East European countries.

Sig. Alkero Spinnelli, the European Commissioner, said that depending on the outcome of the investigation, the Commission will fall short of any action against the exporters.

World cotton supply tightening

WASHINGTON, May 12. WORLD STOCKS of cotton will fall by nearly 7.5m. bales (480 lbs net weight) by the end of the current season, while expanding demand will continue to outstrip fresh production in the new 1976-77 marketing season, latest estimates to be published soon by the U.S. Agriculture Department's Foreign Agriculture Service (FAS) show.

The estimates will incorporate substantially improved data on China's cotton supply demand situation which will significantly change the global totals from the previous FAS estimates made nearly two months ago.

Malaysia's cotton supply is expected to increase in the current season, the FAS now puts world 1975-76 cotton output at 55.48m. bales compared with 54.89m. in 1974-75. Two months ago it forecast the total for this season at 54.86m. bales and estimated 1974-75 output at 53.28m.

Disregarding the upward adjustment in China's crop, the latest estimate represents a drop of about 400,000 bales in the current season's production from the March forecast.

Last week the International Cotton Advisory Committee (ICAC) also lowered its estimate of world 1975-76 cotton output by nearly 7.5m. bales. However, officials now say that estimate will be revised shortly to incorporate the new data on China utilised by the FAS for its latest estimate.

Against the enlarged estimate of current season's production, FAS now estimates world usage of cotton at 62.81m. bales against 61.24m. in its previous estimate and a revised 59.4m. in 1974-75, which it had previously estimated at 58.2m. bales.

Based on the revised supply and demand estimates, FAS forecasts world stocks of cotton at the end of this season at 25.99m. bales. This is about 200,000 bales less than the forecast two months ago and is sharply down from the record 31.68m. bales in stock at the end of last season.

Looking ahead to the approaching 1977-78 season, FAS says U.S. farmers are planning a 16 per cent increase in cotton plantings this year.

However, it notes that based on preliminary reports cotton acreage elsewhere in the world this year will rise by only around 5 per cent.

Assuming more normal average yields the FAS estimates a 5 per cent increase in foreign acreage could mean a production increase outside the U.S. of 8-10 per cent or to between 50.8m. and 51.8m. bales compared with 47.17m. now estimated for this season.

Based on the current trend, FAS estimates foreign production next season at about 51m. bales, which would mean a demand outside the U.S. of about 5m. to 6m. bales.

COPPER EXPORT BAN TO STAY

TOKYO, May 12. The Japanese Ministry of International Trade and Industry reaffirmed it will for the time being continue its embargo on the export of electrolytic copper.

It said conditions on the world copper market had not improved enough to justify Japan's resumption of copper exports, limited in November 1976.

It added that the recent price recovery has not necessarily reflected an improvement in actual needs. Industry estimates put Japanese carryover stocks at the end of the 1976 fiscal year at 280,000 tonnes.

Reuter

Pearl backs U.K. dairy expansion

By Peter Bullen

GOVERNMENT BACKING for the British milk industry's attempts to expand output and supply more home-produced dairy products was pledged by Mr. Fred Pearl, the Minister of Agriculture, last night.

At a reception to launch a new campaign to promote sales of English butter he said the Government attached priority to seeing an expansion of U.K. milk production and of the supply of home-produced butter.

"However, if our policy is to be successful, it is imperative that there should be a market for this increased production. The low production levels in recent years have enabled Continental producers to move in on the U.K. market and valuable ground has already been lost. We therefore have a right to re-establish British butter as a major force on the British market," he said.

Last year the U.K. spent £57.5m. importing dairy products worth £33.1m. in value. Import prices were even higher this year. Consequently, a higher volume of domestic production would make a significant import-saving contribution he added.

He was confident butter production would increase rapidly.

Rally in cocoa and coffee

By Richard Mooney

COCOA AND COFFEE prices on the London terminal markets regained some of this week's losses yesterday despite the weaker tone of sterling. July delivery cocoa rose 2.25s to close at £1,487.50, while coffee advanced 5s to £1,085.00.

The cocoa price rise was mainly as a technical rally following the earlier £100 fall, but coffee dealers attributed the gains in their market to follow-through from New York and signs of renewed interest in the market.

Cocoa prices opened around 25s above the previous night's closing level and advanced gradually reaching the £200 permissible limit in mid-morning.

Base metal prices all advanced on the London Metal Exchange yesterday, despite the weaker tone in sterling. Cash tin recouped the previous day's losses in gaining 25s to 2,485.50 a tonne. Copper cash wirebars advanced by 23.75 to £335.25 a tonne while lead and zinc prices were also higher.

INTERNATIONAL BAUXITE ASSOCIATION

Slow moves to ore pricing policy

BY CANUTE JAMES, KINGSTON CORRESPONDENT

THE 18-month-old International Bauxite Association has made limited progress in handling its first major task—finding a long-term pricing and taxation policy for ore sold by its 11 members. The fifth meeting of the association's executive Board, held here recently, again examined the problem which has been studied for just under a year, but apparently made no headway.

The closest the IBA has come to finding a formula was its recommendation last November from the Ministerial Council to the members that they adopt a minimum pricing policy for all bauxite ore exported this year.

Mr. Henri Guda, a 43-year-old Surinam tax lawyer and secretary-general of the IBA, was not very forthcoming when he was asked to explain the reasons for the members' countries were sticking to their pledge to implement the recommendations.

"It is too sensitive for me to make a comment on at the moment," Mr. Guda said. "But I am sure you have read that Indonesia has been successful in getting a price increase—not to the extent that Jamaica, for example, got a price increase—but an increase none the less."

Within their collective borders, the member countries have 17.74m. tonnes—74 per cent of the world's total—of proven reserves. However, Mr. Guda is reluctant to set great store by statistics alone. He sees little in them to really prove the strength of the IBA in representing its members.

He objects to comparisons with other producers' organisations such as OPEC. "I don't like this reference to OPEC. This is the first IBA," he says.

The strength of the IBA has been under discussion both inside and outside member countries. There have been questions about the political will of a country like Haiti, for example, to stand by the association's decisions which may demand a strong front in dealing with a country such as the United States.

Australia

Australia's position has also been questioned. Obviously, the other founding members saw the necessity of having the world's leading producer within their fold. The interest, of course, was not one-sided—the Whitlam Government had indicated a desire to move Australia closer to the Third World and to producers' organisations, despite its inability to come to grips with a comprehensive mining policy.

But Australia does not depend on bauxite to the same extent as countries like Jamaica, Guyana, Surinam and Guinea. Doubts expressed by members of the present Government, while in opposition, about IBA membership, have also clouded its commitment.

However, Mr. Guda attached little importance to these questions of members' commitment to the association. He says: "I don't like to comment on individual members because I don't speak for individual members. But we have not been informed about any change of policy in any member country. Indications are very clear that all members will live up to their obligations."

In attempting to represent the interest of their members in their dealings with consumers of bauxite and alumina, the IBA is steering clear of anything which suggests confrontation.

Farmers seek bigger role in marketing

BY OUR COMMODITIES STAFF

THE U.K. Government support in principle new draft EEC regulations on market structures and producers' groups but there should be amendments allowing for greater producer involvement in the food production-distribution chain. The British Agricultural Council, adopted, will lead to far-reaching changes for the whole industry. In particular, the regulation on market structures will necessitate the creation of an agreed programme of future agricultural marketing developments so that projects may qualify for grant aid from the European Farm Fund, it said.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS			
COPPER	Turned upwards on the day after a fall on the previous day. Forward metal prices advanced, but metal prices were mixed. Copper prices were mixed, but metal prices were mixed.	1000	1000
LEAD	Prices were mixed. Lead prices were mixed.	1000	1000
ZINC	Prices were mixed. Zinc prices were mixed.	1000	1000
NICKEL	Prices were mixed. Nickel prices were mixed.	1000	1000
COBALT	Prices were mixed. Cobalt prices were mixed.	1000	1000
IRON	Prices were mixed. Iron prices were mixed.	1000	1000
STEEL	Prices were mixed. Steel prices were mixed.	1000	1000
ALUMINUM	Prices were mixed. Aluminum prices were mixed.	1000	1000
SILVER	Prices were mixed. Silver prices were mixed.	1000	1000
GOLD	Prices were mixed. Gold prices were mixed.	1000	1000

CINEMAS

1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100.

ART GALLERIES

1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100.

CLUBS

1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100.

CLASSIFIED ADVERTISING RATES

1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100.

PRICE CHANGES

| Commodity | Unit | Price |
|-----------|------|-------|
| Wheat | 1000 | 1000 |
| Barley | 1000 | 1000 |
| Oats | 1000 | 1000 |
| Rye | 1000 | 1000 |
| Maize | 1000 | 1000 |
| Sorghum | 1000 | 1000 |
| Millet | 1000 | 1000 |
| Buckwheat | 1000 | 1000 |
| Rice | 1000 | 1000 |
| Wheat | 1000 | 1000 |
| Barley | 1000 | 1000 |
| Oats | 1000 | 1000 |
| Rye | 1000 | 1000 |
| Maize | 1000 | 1000 |
| Sorghum | 1000 | 1000 |
| Millet | 1000 | 1000 |
| Buckwheat | 1000 | 1000 |
| Rice | 1000 | 1000 |

U.S. Markets

1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100.

Coffee and grains firm; cocoa rises

NEW YORK, May 12. COFFEE prices were firm and cocoa prices were firm. Cocoa prices were firm.

Wool futures

1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100.

Grains

1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100.

Meat/vegetables

1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100.

SOYABEAN MEAL

1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100.

Grains

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Meat/vegetables

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Grains

1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100.

Meat/vegetables

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Grains

1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100.

Meat/vegetables

ملفوظات امیر المومنین

INSURANCE, PROPERTY, BONDS

LEADERS AND LAGGARDS

[illegible]

| | | | | | | | | | |
|----------|-----------------------------------|-------------|-------|------|--|--|--|--|--|
| Smith. | W.H. Samuel Life Assur. Ltd. | | | | | | | | |
| | N.L.A. Tower, Adolphus Bld. Cr.oy | 01-488-4550 | | | | | | | |
| | | | | | | | | | |
| | Hill & P. Inc. Unit | 139.5 | 136.9 | --- | | | | | |
| | W.D. Smith, Cr.oy | 139.47 | 140.9 | --- | | | | | |
| St. 7900 | Do. Mobey Rd. | 107.5 | 113.2 | +6.2 | | | | | |
| | Imperial Life Ass. Co. of Canada | | | | | | | | |
| | Imperial House, Guildford | 71205 | | | | | | | |

| | | | | | | |
|--|---------------------|-------|------|--|--------------------|-------|
| | Property Fund (AI) | 182.7 | | | Mgmt. Fund Inc. | |
| | Agricultural Fund | 519.0 | | | Mgm. Fund Inc. | |
| | Acad. Fund (A) | 222.6 | | | Prop. Ind. Inc. | |
| | Abbey Nat. Fund | 138.0 | | | Prop. Ind. Inc. | |
| | Abbey Nat. Fd. (AI) | 138.0 | | | Prop. Ind. Inc. | |
| | Investment Fund | 94.4 | | | Flood Ind. Inc. | |
| | Investment Fd. (AI) | 94.4 | | | Lep. Fd. Inc. Inc. | |
| | Equity Fund | 142.7 | -1.0 | | Sci. Plan. A. Fern | |
| | Equity Fund (AI) | 142.7 | -1.0 | | Sci. Plan. A. Fern | |
| | Mimes Fund | 179.1 | | | Sci. Plan. A. Fern | |

| | | |
|------|------|--|
| 980 | | |
| 1087 | | |
| 998 | | |
| 1100 | | |
| 940 | | |
| 1080 | | |
| 1051 | | |
| 621 | +0.1 | |
| 541 | +0.1 | |
| 1038 | | |

[illegible]

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NOTES

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are in force unless otherwise
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expenses. A offered price
is Today's price. A Offer
price, A Estimated A Today's
Distribution free of U.S. taxes
includes all expenses except
commission. A Offer price includes
A bought through manager
price. A Net of tax on round
trip indicated by A Quarters
ended. A Single premium

FT SHARE INFORMATION SERVICE

HOTELS—Continued

| Stock | Price | Div | Yield | TM |
|----------------|-------|------|-------|-----|
| Hotel New York | 120 | 1.00 | 8.3% | 1.0 |
| Hotel New York | 120 | 1.00 | 8.3% | 1.0 |
| Hotel New York | 120 | 1.00 | 8.3% | 1.0 |
| Hotel New York | 120 | 1.00 | 8.3% | 1.0 |
| Hotel New York | 120 | 1.00 | 8.3% | 1.0 |
| Hotel New York | 120 | 1.00 | 8.3% | 1.0 |
| Hotel New York | 120 | 1.00 | 8.3% | 1.0 |
| Hotel New York | 120 | 1.00 | 8.3% | 1.0 |
| Hotel New York | 120 | 1.00 | 8.3% | 1.0 |
| Hotel New York | 120 | 1.00 | 8.3% | 1.0 |

INDUSTRIALS (Misc.)

| Stock | Price | Div | Yield | TM |
|--------|-------|------|-------|-----|
| A.A.B. | 120 | 1.00 | 8.3% | 1.0 |
| A.A.B. | 120 | 1.00 | 8.3% | 1.0 |
| A.A.B. | 120 | 1.00 | 8.3% | 1.0 |
| A.A.B. | 120 | 1.00 | 8.3% | 1.0 |
| A.A.B. | 120 | 1.00 | 8.3% | 1.0 |
| A.A.B. | 120 | 1.00 | 8.3% | 1.0 |
| A.A.B. | 120 | 1.00 | 8.3% | 1.0 |
| A.A.B. | 120 | 1.00 | 8.3% | 1.0 |
| A.A.B. | 120 | 1.00 | 8.3% | 1.0 |
| A.A.B. | 120 | 1.00 | 8.3% | 1.0 |

ENGINEERING—Continued

| Stock | Price | Div | Yield | TM |
|---------------|-------|------|-------|-----|
| Ball Bearings | 120 | 1.00 | 8.3% | 1.0 |
| Ball Bearings | 120 | 1.00 | 8.3% | 1.0 |
| Ball Bearings | 120 | 1.00 | 8.3% | 1.0 |
| Ball Bearings | 120 | 1.00 | 8.3% | 1.0 |
| Ball Bearings | 120 | 1.00 | 8.3% | 1.0 |
| Ball Bearings | 120 | 1.00 | 8.3% | 1.0 |
| Ball Bearings | 120 | 1.00 | 8.3% | 1.0 |
| Ball Bearings | 120 | 1.00 | 8.3% | 1.0 |
| Ball Bearings | 120 | 1.00 | 8.3% | 1.0 |
| Ball Bearings | 120 | 1.00 | 8.3% | 1.0 |

DRAPERY AND STORES—Continued

| Stock | Price | Div | Yield | TM |
|-----------|-------|------|-------|-----|
| Draperies | 120 | 1.00 | 8.3% | 1.0 |
| Draperies | 120 | 1.00 | 8.3% | 1.0 |
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| Draperies | 120 | 1.00 | 8.3% | 1.0 |
| Draperies | 120 | 1.00 | 8.3% | 1.0 |
| Draperies | 120 | 1.00 | 8.3% | 1.0 |
| Draperies | 120 | 1.00 | 8.3% | 1.0 |
| Draperies | 120 | 1.00 | 8.3% | 1.0 |

BUILDING INDUSTRY—Continued

| Stock | Price | Div | Yield | TM |
|----------|-------|------|-------|-----|
| Building | 120 | 1.00 | 8.3% | 1.0 |
| Building | 120 | 1.00 | 8.3% | 1.0 |
| Building | 120 | 1.00 | 8.3% | 1.0 |
| Building | 120 | 1.00 | 8.3% | 1.0 |
| Building | 120 | 1.00 | 8.3% | 1.0 |
| Building | 120 | 1.00 | 8.3% | 1.0 |
| Building | 120 | 1.00 | 8.3% | 1.0 |
| Building | 120 | 1.00 | 8.3% | 1.0 |
| Building | 120 | 1.00 | 8.3% | 1.0 |
| Building | 120 | 1.00 | 8.3% | 1.0 |

CANADIANS

| Stock | Price | Div | Yield | TM |
|--------|-------|------|-------|-----|
| Canada | 120 | 1.00 | 8.3% | 1.0 |
| Canada | 120 | 1.00 | 8.3% | 1.0 |
| Canada | 120 | 1.00 | 8.3% | 1.0 |
| Canada | 120 | 1.00 | 8.3% | 1.0 |
| Canada | 120 | 1.00 | 8.3% | 1.0 |
| Canada | 120 | 1.00 | 8.3% | 1.0 |
| Canada | 120 | 1.00 | 8.3% | 1.0 |
| Canada | 120 | 1.00 | 8.3% | 1.0 |
| Canada | 120 | 1.00 | 8.3% | 1.0 |
| Canada | 120 | 1.00 | 8.3% | 1.0 |

BRITISH FUNDS

| Stock | Price | Div | Yield | TM |
|---------|-------|------|-------|-----|
| British | 120 | 1.00 | 8.3% | 1.0 |
| British | 120 | 1.00 | 8.3% | 1.0 |
| British | 120 | 1.00 | 8.3% | 1.0 |
| British | 120 | 1.00 | 8.3% | 1.0 |
| British | 120 | 1.00 | 8.3% | 1.0 |
| British | 120 | 1.00 | 8.3% | 1.0 |
| British | 120 | 1.00 | 8.3% | 1.0 |
| British | 120 | 1.00 | 8.3% | 1.0 |
| British | 120 | 1.00 | 8.3% | 1.0 |
| British | 120 | 1.00 | 8.3% | 1.0 |

THANKS AND HIRE PURCHASE

| Stock | Price | Div | Yield | TM |
|--------|-------|------|-------|-----|
| Thanks | 120 | 1.00 | 8.3% | 1.0 |
| Thanks | 120 | 1.00 | 8.3% | 1.0 |
| Thanks | 120 | 1.00 | 8.3% | 1.0 |
| Thanks | 120 | 1.00 | 8.3% | 1.0 |
| Thanks | 120 | 1.00 | 8.3% | 1.0 |
| Thanks | 120 | 1.00 | 8.3% | 1.0 |
| Thanks | 120 | 1.00 | 8.3% | 1.0 |
| Thanks | 120 | 1.00 | 8.3% | 1.0 |
| Thanks | 120 | 1.00 | 8.3% | 1.0 |
| Thanks | 120 | 1.00 | 8.3% | 1.0 |

ELECTRICAL AND RADIO

| Stock | Price | Div | Yield | TM |
|------------|-------|------|-------|-----|
| Electrical | 120 | 1.00 | 8.3% | 1.0 |
| Electrical | 120 | 1.00 | 8.3% | 1.0 |
| Electrical | 120 | 1.00 | 8.3% | 1.0 |
| Electrical | 120 | 1.00 | 8.3% | 1.0 |
| Electrical | 120 | 1.00 | 8.3% | 1.0 |
| Electrical | 120 | 1.00 | 8.3% | 1.0 |
| Electrical | 120 | 1.00 | 8.3% | 1.0 |
| Electrical | 120 | 1.00 | 8.3% | 1.0 |
| Electrical | 120 | 1.00 | 8.3% | 1.0 |
| Electrical | 120 | 1.00 | 8.3% | 1.0 |

CHEMICALS, PLASTICS

| Stock | Price | Div | Yield | TM |
|-----------|-------|------|-------|-----|
| Chemicals | 120 | 1.00 | 8.3% | 1.0 |
| Chemicals | 120 | 1.00 | 8.3% | 1.0 |
| Chemicals | 120 | 1.00 | 8.3% | 1.0 |
| Chemicals | 120 | 1.00 | 8.3% | 1.0 |
| Chemicals | 120 | 1.00 | 8.3% | 1.0 |
| Chemicals | 120 | 1.00 | 8.3% | 1.0 |
| Chemicals | 120 | 1.00 | 8.3% | 1.0 |
| Chemicals | 120 | 1.00 | 8.3% | 1.0 |
| Chemicals | 120 | 1.00 | 8.3% | 1.0 |
| Chemicals | 120 | 1.00 | 8.3% | 1.0 |

BEERS, WINES AND SPIRITS

| Stock | Price | Div | Yield | TM |
|-------|-------|------|-------|-----|
| Beers | 120 | 1.00 | 8.3% | 1.0 |
| Beers | 120 | 1.00 | 8.3% | 1.0 |
| Beers | 120 | 1.00 | 8.3% | 1.0 |
| Beers | 120 | 1.00 | 8.3% | 1.0 |
| Beers | 120 | 1.00 | 8.3% | 1.0 |
| Beers | 120 | 1.00 | 8.3% | 1.0 |
| Beers | 120 | 1.00 | 8.3% | 1.0 |
| Beers | 120 | 1.00 | 8.3% | 1.0 |
| Beers | 120 | 1.00 | 8.3% | 1.0 |
| Beers | 120 | 1.00 | 8.3% | 1.0 |

CINEMAS, THEATRES AND TV

| Stock | Price | Div | Yield | TM |
|---------|-------|------|-------|-----|
| Cinemas | 120 | 1.00 | 8.3% | 1.0 |
| Cinemas | 120 | 1.00 | 8.3% | 1.0 |
| Cinemas | 120 | 1.00 | 8.3% | 1.0 |
| Cinemas | 120 | 1.00 | 8.3% | 1.0 |
| Cinemas | 120 | 1.00 | 8.3% | 1.0 |
| Cinemas | 120 | 1.00 | 8.3% | 1.0 |
| Cinemas | 120 | 1.00 | 8.3% | 1.0 |
| Cinemas | 120 | 1.00 | 8.3% | 1.0 |
| Cinemas | 120 | 1.00 | 8.3% | 1.0 |
| Cinemas | 120 | 1.00 | 8.3% | 1.0 |

ENGINEERING, MACHINE TOOLS

| Stock | Price | Div | Yield | TM |
|-------------|-------|------|-------|-----|
| Engineering | 120 | 1.00 | 8.3% | 1.0 |
| Engineering | 120 | 1.00 | 8.3% | 1.0 |
| Engineering | 120 | 1.00 | 8.3% | 1.0 |
| Engineering | 120 | 1.00 | 8.3% | 1.0 |
| Engineering | 120 | 1.00 | 8.3% | 1.0 |
| Engineering | 120 | 1.00 | 8.3% | 1.0 |
| Engineering | 120 | 1.00 | 8.3% | 1.0 |
| Engineering | 120 | 1.00 | 8.3% | 1.0 |
| Engineering | 120 | 1.00 | 8.3% | 1.0 |
| Engineering | 120 | 1.00 | 8.3% | 1.0 |

FOOD, GROCERIES, ETC.

| Stock | Price | Div | Yield | TM |
|-------|-------|------|-------|-----|
| Food | 120 | 1.00 | 8.3% | 1.0 |
| Food | 120 | 1.00 | 8.3% | 1.0 |
| Food | 120 | 1.00 | 8.3% | 1.0 |
| Food | 120 | 1.00 | 8.3% | 1.0 |
| Food | 120 | 1.00 | 8.3% | 1.0 |
| Food | 120 | 1.00 | 8.3% | 1.0 |
| Food | 120 | 1.00 | 8.3% | 1.0 |
| Food | 120 | 1.00 | 8.3% | 1.0 |
| Food | 120 | 1.00 | 8.3% | 1.0 |
| Food | 120 | 1.00 | 8.3% | 1.0 |

FOREIGN BONDS & RAILS

| Stock | Price | Div | Yield | TM |
|---------|-------|------|-------|-----|
| Foreign | 120 | 1.00 | 8.3% | 1.0 |
| Foreign | 120 | 1.00 | 8.3% | 1.0 |
| Foreign | 120 | 1.00 | 8.3% | 1.0 |
| Foreign | 120 | 1.00 | 8.3% | 1.0 |
| Foreign | 120 | 1.00 | 8.3% | 1.0 |
| Foreign | 120 | 1.00 | 8.3% | 1.0 |
| Foreign | 120 | 1.00 | 8.3% | 1.0 |
| Foreign | 120 | 1.00 | 8.3% | 1.0 |
| Foreign | 120 | 1.00 | 8.3% | 1.0 |
| Foreign | 120 | 1.00 | 8.3% | 1.0 |

AMERICANS

| Stock | Price | Div | Yield | TM |
|-----------|-------|------|-------|-----|
| Americans | 120 | 1.00 | 8.3% | 1.0 |
| Americans | 120 | 1.00 | 8.3% | 1.0 |
| Americans | 120 | 1.00 | 8.3% | 1.0 |
| Americans | 120 | 1.00 | 8.3% | 1.0 |
| Americans | 120 | 1.00 | 8.3% | 1.0 |
| Americans | 120 | 1.00 | 8.3% | 1.0 |
| Americans | 120 | 1.00 | 8.3% | 1.0 |
| Americans | 120 | 1.00 | 8.3% | 1.0 |
| Americans | 120 | 1.00 | 8.3% | 1.0 |
| Americans | 120 | 1.00 | 8.3% | 1.0 |

BUILDING INDUSTRY, TIMBER & ROADS

| Stock | Price | Div | Yield | TM |
|----------|-------|------|-------|-----|
| Building | 120 | 1.00 | 8.3% | 1.0 |
| Building | 120 | 1.00 | 8.3% | 1.0 |
| Building | 120 | 1.00 | 8.3% | 1.0 |
| Building | 120 | 1.00 | 8.3% | 1.0 |
| Building | 120 | 1.00 | 8.3% | 1.0 |
| Building | 120 | 1.00 | 8.3% | 1.0 |
| Building | 120 | 1.00 | 8.3% | 1.0 |
| Building | 120 | 1.00 | 8.3% | 1.0 |
| Building | 120 | 1.00 | 8.3% | 1.0 |
| Building | 120 | 1.00 | 8.3% | 1.0 |

DRAPERY AND STORES

| Stock | Price | Div | Yield | TM |
|-----------|-------|------|-------|-----|
| Draperies | 120 | 1.00 | 8.3% | 1.0 |
| Draperies | 120 | 1.00 | 8.3% | 1.0 |
| Draperies | 120 | 1.00 | 8.3% | 1.0 |
| Draperies | 120 | 1.00 | 8.3% | 1.0 |
| Draperies | 120 | 1.00 | 8.3% | 1.0 |
| Draperies | 120 | 1.00 | 8.3% | 1.0 |
| Draperies | 120 | 1.00 | 8.3% | 1.0 |
| Draperies | 120 | 1.00 | 8.3% | 1.0 |
| Draperies | 120 | 1.00 | 8.3% | 1.0 |
| Draperies | 120 | 1.00 | 8.3% | 1.0 |

ELECTRICAL AND RADIO

| Stock | Price | Div | Yield | TM |
|------------|-------|------|-------|-----|
| Electrical | 120 | 1.00 | 8.3% | 1.0 |
| Electrical | 120 | 1.00 | 8.3% | 1.0 |
| Electrical | 120 | 1.00 | 8.3% | 1.0 |
| Electrical | 120 | 1.00 | 8.3% | 1.0 |
| Electrical | 120 | 1.00 | 8.3% | 1.0 |
| Electrical | 120 | 1.00 | 8.3% | 1.0 |
| Electrical | 120 | 1.00 | 8.3% | 1.0 |
| Electrical | 120 | 1.00 | 8.3% | 1.0 |
| Electrical | 120 | 1.00 | 8.3% | 1.0 |
| Electrical | 120 | 1.00 | 8.3% | 1.0 |

ENGINEERING, MACHINE TOOLS

| Stock | Price | Div | Yield | TM |
|-------------|-------|------|-------|-----|
| Engineering | 120 | 1.00 | 8.3% | 1.0 |
| Engineering | 120 | 1.00 | 8.3% | 1.0 |
| Engineering | 120 | 1.00 | 8.3% | 1.0 |
| Engineering | 120 | 1.00 | 8.3% | 1.0 |
| Engineering | 120 | 1.00 | 8.3% | 1.0 |
| Engineering | 120 | 1.00 | 8.3% | 1.0 |
| Engineering | 120 | 1.00 | 8.3% | 1.0 |
| Engineering | 120 | 1.00 | 8.3% | 1.0 |
| Engineering | 120 | 1.00 | 8.3% | 1.0 |
| Engineering | 120 | 1.00 | 8.3% | 1.0 |

HOTELS AND CATERERS

| Stock | Price | Div | Yield | TM |
|--------|-------|------|-------|-----|
| Hotels | 120 | 1.00 | 8.3% | 1.0 |
| Hotels | 120 | 1.00 | 8.3% | 1.0 |
| Hotels | 120 | 1.00 | 8.3% | 1.0 |
| Hotels | 120 | 1.00 | 8.3% | 1.0 |
| Hotels | 120 | 1.00 | 8.3% | 1.0 |
| Hotels | 120 | 1.00 | 8.3% | 1.0 |
| Hotels | 120 | 1.00 | 8.3% | 1.0 |
| Hotels | 120 | 1.00 | 8.3% | 1.0 |
| Hotels | 120 | 1.00 | 8.3% | 1.0 |
| Hotels | 120 | 1.00 | 8.3% | 1.0 |

Conversion factor 0.6213 (0.6214)

مركز الأمل

APPENDIX C Continued[illegible][illegible][illegible]

THE £700 MILLION INVESTMENT EXPERIENCE
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 EXPERIENCE—WHERE EXPERIENCE COUNTS
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FINANCIAL TIMES

Thursday May 13 1978

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Icelanders fire 4 shots at trawler

BY MALCOLM RUTHERFORD

IN POTENTIALLY the most serious incident in the Cod War so far, the Icelandic patrol boat Aegir yesterday fired four shots in the direction of the British trawler Primella, then unsuccessfully launched a boarding party.

For the first time in the war, one of the shots was live.

An immediate warning of retaliation came from a British Nimrod reconnaissance aircraft, though it seems this was misinterpreted by the Icelanders as meaning that the aircraft itself would open fire.

The Nimrods are unarmed and in London, a Ministry of Defence spokesman said the warning referred to future action that might be taken by British frigates.

The incident occurred after the Primella and three other trawlers had left the main fleet off the east coast of Iceland and moved to the west. There was therefore no naval protection available.

According to the Icelandic coast guard, the Primella ignored an order from the Aegir to stop fishing and prepare for boarding and arrest. The Aegir then launched the boarding party, but the Primella escaped because of its superior speed.

The Aegir fired three shots across the bows of the Primella and one across the stern. One of the shots was said by the Icelanders to have been live.

The Nimrod then appeared on the scene and issued its warning about the possible consequences. This was taken by the coast guard as a direct threat to the Aegir.

Last night, the Primella and the three other trawlers were reported to be moving back to join the main fleet. The British frigate Lowestoft and a civilian protection vessel were sent to meet them.

In London, Mr. Patrick Duffy, Minister for the Navy, told the House of Commons that the Ministry of Defence was "urgently considering" what action should be taken.

Mr. Duffy was speaking during the Navy debate which produced some Conservative criticism of the Government's handling of the Cod War.

Mr. Ian Gilmour, "shadow" Defence Minister, spoke of the "bluster and blunder" of Mr. James Callaghan, the Prime Minister, when he had been Foreign Secretary.

There was no satisfactory explanation, however, of why the Primella had left the main trawling fleet and the naval protection that goes with it.

The French ambassador in Reykjavik had made representations to the Icelandic Government on behalf of Britain about the action of the Aegir, Mr. Duffy said later.

His preliminary report suggests the Icelanders now consider the incident closed.

Parliament, Page 15

Most U.K. workers want part of profits

BY LORNE BARLING

MOST British workers grossly overestimate the level of profits; they also believe they should have a share of those profits, according to a survey by the Confederation of British Industry.

Workers and management are highly critical of the performance of British management, according to the survey, which produced a sample of 1,284 respondents. Only 8 per cent of all employees believe that "profit is a dirty word."

The CBI said yesterday that the survey indicated a widespread failure of companies to make their objectives and activities known to employees and urged that more time and money be allocated to this end.

The average employee appeared to believe the free enterprise system was reasonably satisfied with his job and was not opposed to paying dividends to shareholders. But he also believed he could do more work without too much effort.

In some ways management and workers had similar views. But their impressions of each other showed serious misconceptions, particularly in what each expected the other to do.

Involvement

The survey is part of a research programme being carried out by the Confederation of British Industry to make companies give additional information to employees and involve them more in the running of their companies.

It was felt that too many companies embark on policies without knowing what their employees wanted, and would benefit from more intense research.

One significant finding about the workers' attitude to his company was response to a question about job security. Seventy per cent of workers believed their security depended on giving a fair day's work for a fair day's pay. Less than 30 per cent depended upon their union.

The willingness of many workers to undergo re-training for a change of job apparently was underestimated by managers—who are fairly accurate at guessing employee responses generally, pay and job security.

Eighty-six per cent of workers agreed to support trends in productivity, believing that productivity can be increased by giving them a share of the profits, although 61 per cent had no idea of how much profit their company made.

Details Page 10

Ford's troubles deepened by Nebraska loss

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, May 12.

PRESIDENT FORD's political troubles deepened yesterday when he was comfortably defeated by 55 per cent to 45 per cent, by Governor Ronald Reagan in the Republican primary in Nebraska, often described as the most orthodox Republican State in the Union.

Mr. Ford took some consolation from his victory in West Virginia by a 57 per cent to 43 per cent margin. But neither candidate had campaigned there, whereas in Nebraska, with both sides redoubling their efforts, Mr. Reagan was able to make nonsense of the forecasts a few weeks ago that Mr. Ford would win handily.

Nebraska also produced an unpleasant surprise for the Democratic frontrunner, Mr. Jimmy Carter, who went down to a narrow 39-33 per cent defeat at the hands of Senator Frank Church from Idaho.

This was the liberal Senator's last primary. Though much of the public eye recently because of his investigations into U.S. corporate bribery and U.S. intelligence activities, he professed himself amazed at the result.

In West Virginia, the local Democratic Senator, Mr. Robert Byrd, was returned as a "favourite son" against no formal opposition.

In the Connecticut delegate selection process, the first stage of which was held yesterday, Mr. Carter won only a modest victory over Congressman Morris Udall from Arizona by 33 to 31 per cent. Mr. Church and Mr. Udall, both liberals, had agreed to leave the field in Nebraska.

Mr. Carter takes on Mr. Udall again in Michigan and ought to beat him, but he may run foul of California Governor Jerry Brown's charismatic popularity in Maryland.

His problems, however, remain acute in comparison with the President. If Mr. Ford does not win his home State of Michigan, his lease on the White House is probably over.

Next week's primaries in Michigan and Maryland loom as critical for both Mr. Ford and Mr. Carter.

Mr. Carter takes on Mr. Udall again in Michigan and ought to beat him, but he may run foul of California Governor Jerry Brown's charismatic popularity in Maryland.

His problems, however, remain acute in comparison with the President. If Mr. Ford does not win his home State of Michigan, his lease on the White House is probably over.

The stop Carter campaign

Even his campaign manager dropped his habitual confidence last night. Previously he said that Mr. Ford would have things sewn up before the convention in August, but now he is saying that if Mr. Ford loses Michigan, there will be a floor fight at the convention in Kansas City.

The Nebraska auguries are not good for the President. The primary there was closed and Mr. Reagan was not able to benefit from the support of conservative Democrats voting in the Republican election. Yet his incessant criticism of Mr. Ford's foreign and defence policies, allied to discontent among Nebraska's farmers with the Administration's agricultural policies, were clearly much more effective among average Republicans than the President's strategy.

Delegates

In Michigan, the themes will undoubtedly be the same but there cross-over voting is permitted. Mr. Ford left for the State this morning and is going to be spending much of the next week there, even having recourse to that old-style campaign vehicle, the whistle-stop train tour beloved of Franklin Roosevelt and Harry Truman.

Mr. Ford dropped an immediate hint of his tactics in Detroit today. "I want every person in the State of Michigan who identifies with my philosophy to vote for me," he said.

"Whether they call themselves Republican, Independent or Democrat."

The feeling persists that Mr. Ford's efforts have lost all sense of direction.

Yesterday's primaries did not markedly change the delegate count. Mr. Reagan apparently won 18 delegates in Nebraska to Mr. Ford's seven, while in West Virginia the 38-strong delegation, according to State law, is uncommitted.

The Washington Star's scorecard gives Mr. Reagan 427 delegates to date. Mr. Ford 382, with 395 uncommitted. A total of 1,130 are needed for nomination.

The stop Carter campaign

Page 5

Chairman and Board of Equity Bank named

BY MARGARET REID

THE CONTROVERSIAL equity bank, plans for which are being launched today, will have an impressive array of directors from industry and the City, including Sir Jack Callard, former chairman of ICI, and two other senior directors of major industrial groups.

As widely expected, Lord Plowden, who is about to retire as chairman of Tube Investments, is to be chairman of the bank, named Equity Capital for Industry, which is intended to channel capital to companies unable to raise it on the stock market.

Among the other prominent industrialists joining the Board are Mr. Trevor Belderson, deputy chairman of National Giro, and Mr. Alfred Slagter, managing director of National Giro, and a former finance director of Tesco Stores (Holdings) — will also be directors.

Although Equity Capital is intended to have a 13-man Board, only 12 names are being announced at present. The final member will be the chief executive, who has not yet been chosen.

It is thought that somebody was in view for this post, but that, with the delay which has occurred in completing plans, it was not possible to make the appointment originally thought of.

The extensive high-level support accorded to the enterprise is also reflected in the names of its directors from the City, who include Mr. Anthony Touchet, chairman of the investment trust world, "Tim" Shing, chairman of Target Unit Trust group, and Lord Seeham, chairman of Finance for Industry.

As widely reported already, Mr. Ernest Bigland, chairman of the British Insurance Association, Mr. Peter Moody, joint secretary of Prudential Assurance, and Mr. Leonard Hall, general manager of Clerical, Medical and General Life Assurance, will also be directors.

Equity Capital, whose creation has provoked a substantial split of opinion within the ranks of investing institutions, is to have a capital of up to £200m, to which participating institutions will be asked to subscribe by June 31.

Although some institutions, most recently Sun Life Assurance, have said they will not subscribe, regarding the new body as not needed, it is expected that the venture will command a wide range of backing. It will proceed if, as seems certain, subscriptions total at least £200m.

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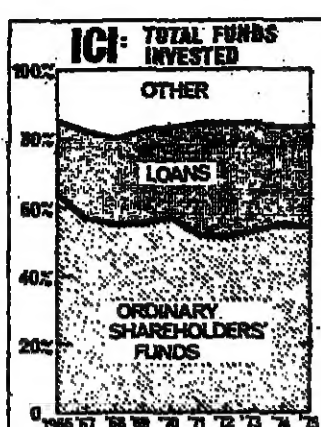
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THE LEX COLUMN

Because it's there...

Index fell 4.3 to 412.9



profits targets for the full year must now extend to well over £300m, pre-tax against £237m in 1975 and the 1974 peak of £455m. The scale of the ICI's working capital projections reflects the way that the company is developing a little faster than ICI was expecting only a few weeks ago.

Dividend rise

At the same time ICI has permission for a 25 per cent dividend increase which takes the yield up to 5.2 per cent on an ex rights basis and its prospective p/e—well down on single figures—also compares favourably with the market averages. As things stand, this issue is bound to be a success. In fact this is precisely the kind of issue—representing low percentage of the previous capitalisation of a very high quality company—which we do not have involved the services of underwriters. With a four-for at half the price, ICI could still have made a dividend increase in the nominal sense and raised the same amount of money at the same price. This would have saved something like £10m, which makes yesterday's look more like a gift than a triumph.

As for the wider market, the £200m, which clearly relates to what bankers thought the City could provide at a time when more than £150m of earlier rights issues have yet to be completed, perspective, cash flow, the institutions are probably £400m-£450m a month of something like a quarter have been finding its way. Since the institution have also started buying again yesterday, this issue going to take some digesting. Holders of ICI may be tempted to look through their portfolios in order to take up their rights.

See also Page 22

SE Benevolent Fund

Members are reminded of the collection for the SE Benevolent Fund, which closes at 4 p.m. on Friday 14, and it would be appreciated if subscribers send in their cheques or cash payments as soon as possible.

See also Page 22

See also Page 22

See also Page 22

See also Page 22

See also Page 22

See also Page 22

See also Page 22

See also Page 22

See also Page 22

See also Page 22

See also Page 22

See also Page 22

See also Page 22

See also Page 22

See also Page 22

See also Page 22

See also Page 22

See also Page 22

See also Page 22

See also Page 22

See also Page 22

See also Page 22

See also Page 22

See also Page 22

See also Page 22

See also Page 22

See also Page 22

Wording of pay deal agreed by TUC

BY CHRISTIAN TYLER, LABOUR STAFF

THE FINAL wording of the TUC-Government bargain on pay restraint in return for tax cuts, to be put to a special congress of the TUC next month, was agreed yesterday on the eve of a crucial decision by leaders of the country's 250,000 miners.

A document, approved after some redrafting by the TUC economic committee yesterday, makes clear that the TUC is not expecting further Government concessions now as the price of recommending another 12 months of wage restraint from August.

Instead it endorses the Labour Government's past achievements on the social contract and calls for continued discussion on prices, employment, pensions and investment.

Talks on price control will resume in the next few weeks. Yesterday Mr. Len Murray, TUC general secretary, said the Price Code must continue through the next phase of wage restraint, and might even have to be strengthened.

Pithead ballot

He said the unions would vigorously oppose any changes to the Code, such as proposed by the CBI, but he conceded that minor modifications might be necessary to protect investment and jobs.

The TUC document will be published next week.

Meanwhile, the success of the £2.50-to-£4 pay limit could be affected by a decision expected

to be taken in London today by leaders of the National Union of Mineworkers.

Moderates on the union's national executive are hoping to secure a pithead ballot on the new guidelines, which could be completed before the special Congress on June 16. They calculate that miners will reject the backing they gave to the £4 pay limit in a ballot last autumn.

If the issue goes to the NUM delegate conference in July, however, as Left-wingers want, there is a far greater chance of the deal being thrown out and last year's "target" pay demand for faceworkers' wages to be brought up to £100 a week—a rise of £38—adopted for negotiations early next year.

Such a decision, although well in advance of miners' pay talks, would affect the attitudes of many other workers to wage restraint.

Labour Ministers' confidence in the wake of the bargain with TUC leaders was evident again yesterday when Mr. Albert Booth, Employment Secretary, said praise for the Government and unions was coming from the Tory Press at home and from newspapers in many countries abroad.

In London the Confederation of Health Service Employees' national executive decided to vote for the deal at next month's Congress, although expressing anxiety about the lack of a parallel agreement on price control.

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Continued from Page 1

Grimond

replied: "One of the dangers of having back an old leader is that he plays the old grammophone record."

As Mr. Grimond announced his decision yesterday, Sir Harold Wilson, former Prime Minister, called on MPs to fight back against "a conspiracy of anti-democratic and anti-progressive forces which threaten to undermine the position of prominent politicians and parties."

Speaking at a Parliamentary Press Gallery luncheon, Sir Harold said that in recent years "an underground and well-heeled organisation" had not scrupled to use any weapon against the British politicians and parties of whom it disapproved.

"Such money was available in almost unlimited quantities for this purpose. How much of it was flowing at any particular time, and in which direction it flowed, we may never know. I hope we shall."

Sir Harold said that the role of the foreign Press—"and I am not referring exclusively to South Africa"—should be investigated.

Continued from Page 1

Callaghan asserts right

fundamentally from Government policy — the level of public expenditure (the NEC's proposals, according to the Treasury, would add between £40m and £50m to the Government's 1980-81 industrial policy; defence policy and overseas investment).

Persuasion rather than coercion was the way to achieve industrial regeneration and investment, Mr. Callaghan said. He made it clear that the Labour Party was still a long way from drawing up its next election manifesto, when the views of the trade unions and the Parliamentary Labour Party would also have to be considered.

He warned the committee that more had to be taken into account in drawing up an election manifesto when Labour was in Government than Opposition. Long term aims had to be reconciled with immediate realities.

He criticised the NEC document for not listing an order of priorities. It was not a programme a Labour Government

could implement in five years.

In an attempt to find a solution to the perpetual tension between the Left-wing dominated NEC and the Government, Mr. Callaghan accepted a suggestion from Mr. Benn that where the Government's policy disagreed